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If you have sold or transferred all your shares in Kingsley Edugroup Limited, you should at once hand this Response Document to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**RESPONSE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY BALLAS CAPITAL LIMITED
ON BEHALF OF
MAPLE LEAF EDUCATION ASIA PACIFIC LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL
OF
KINGSLEY EDUGROUP LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

Independent Financial Adviser to the Independent Board Committee



Terms used in this cover shall have the same meanings as defined in this Response Document.

A letter from the Board is set out on pages 10 to 20 of this Response Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Offer are set out on pages 21 to 22 of this Response Document. A letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendation in connection with the Offer, is set out on page 23 to 53 of this Response Document.

4 March 2020

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

All references to times and dates contained in this Response Document are to Hong Kong times and dates.

2020

Despatch date of this Offer Document and the Acceptance Form (<i>Note 1</i>)	Wednesday, 19 February
Offer open for acceptance (<i>Note 1</i>)	Wednesday, 19 February
Offer became unconditional in all respects	Friday, 28 February
Despatch of the Response Document (<i>Note 2</i>)	Wednesday, 4 March
Closing Date of the Offer (<i>Notes 3 and 8</i>)	by 4:00 p.m. on Wednesday, 18 March
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange	by 7:00 p.m. on Wednesday, 18 March
Latest date for posting of remittance for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the Closing Date (<i>Notes 6 and 8</i>)	Friday, 27 March

EXPECTED TIMETABLE

Notes:

1. The Offer is capable of acceptance on and from Wednesday, 19 February 2020 (being the date of despatch of this Offer Document) until 4: 00 p.m. on the Closing Date.
2. In accordance with Rule 8.4 of the Takeovers Code, Kingsley is required to post the Response Document to the Shareholders within 14 days from the posting of the Offer Document dated 19 February 2020 unless the Executive consents to a later date and the Offeror agrees to extend the Closing Date by the number of days in respect of which the delay in the posting of the Response Document is agreed. Accordingly, the Response Document will be despatched on 4 March 2020 within 14 days from the posting of the Offer Document and in compliance with Rule 8.4 of the Takeovers Code.
3. Pursuant to Rule 15.1 and Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter, but in any case at least 28 days following the date on which the Offer Document is posted (where the Response Document is posted after the date on which the Offer Document is posted). The Offer Document was despatched on 19 February 2020. The Offer has become unconditional on 28 February 2020. Accordingly, the Offer will remain open for acceptance until 4:00 p.m. on Wednesday, 18 March 2020, being the First Closing Date as set out in the Offer Document.
4. In order to accept the Offer, Independent Kingsley Shareholders are required to submit the duly completed Acceptance Form to the Registrar on or before 4: 00 p.m. on Wednesday, 18 March 2020, being the Closing Date. The Offer remains open for acceptance until 4:00 p.m. on the Closing Date. Beneficial owners of Kingsley Shares who hold their Kingsley Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I of the Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
5. The announcement of the results of the Offer will be issued by the Offeror and posted on the Stock Exchange's website by 7: 00 p.m. on the Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer.
6. The Offer has become unconditional on 28 February 2020. Remittances in respect of the consideration payable for the Offer Shares tendered under the Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Kingsley Shares certificates) will be posted by ordinary post to the relevant Independent Kingsley Shareholders at their own risk as soon as possible, but in any event within seven Business Days following the later of (i) 28 February 2020; and (ii) the date of receipt of a duly completed Acceptance Form and the relevant documents of title of Kingsley Shares in respect of such acceptance by the Registrar in respect of the Offer.
7. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7: 00 p.m. on the 60th day after the day this Offer Document was posted. The Offer has become unconditional on 28 February 2020. Accordingly, the "60th day" mentioned above will not be applicable in respect of the Offer.

EXPECTED TIMETABLE

8. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12: 00 noon but no longer in force after 12: 00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4: 00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12: 00 noon and 4: 00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4: 00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9: 00 a.m. and 4: 00 p.m.

DEFINITIONS

In this Response Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“Acceptance Shares”	means the Kingsley Shares assented to the Offer pursuant to the valid acceptances for Kingsley Shares (which are not, if permitted, withdrawn) received under the Offer
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning given to such term under the Takeovers Code
“Ballas Capital”	means Ballas Capital Limited, being a licensed corporation to carry out type 1 (Dealing in Securities) and type 6 (Advising on Corporate Finance) regulated activities as defined under the SFO, the financial adviser to the Offeror and Mapleleaf in relation to the Offer
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Closing Date”	the First Closing Date, or any subsequent offer closing date as may be extended or revised in accordance with the Takeovers Code
“Companies Law” or “Cayman Islands Companies Law”	means the Companies Law (2018 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time
“Concert Party(ies)”	with respect to a party, parties acting in concert with it as such term is defined under the Takeovers Code
“Covenanting Kingsley Shareholders”	Star Shine, DGMK Investment and Eduking Investment
“DGMK Investment”	means DGMK Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Dato’ Danny Goh, an executive Kingsley Director

DEFINITIONS

“Disinterested Kingsley Shares”	means Kingsley Shares other than those held by the Offeror or its Concert Parties. For avoidance of doubt, the Covenanted Kingsley Shareholders’ shareholding interest are not held by the Offeror or its Concert Parties, and considered as ‘disinterested shares’ for the purpose of the Takeovers Code and therefore are considered as “Disinterested Kingsley Shares”
“Eduking Investment”	Eduking Investment Limited, a company incorporated in the BVI with limited liability on 26 July 2016 and is directly wholly-owned by Dato’ Law Boon Hee
“encumbrance”	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	18 March 2020, as stated in the Offer Document as the first closing date of the Offer in accordance with the Takeovers Code
“Form(s) of Acceptance” or “Acceptance Form”	the form(s) of acceptance and transfer in respect of the Offer accompanying(ies) the Offer Document
“GEM”	means the GEM of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing on GEM
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	means the committee of all the independent non-executive Kingsley Directors (none of whom have any direct or indirect interest in the Offer) which has been established for advising the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance
“Independent Financial Adviser(s)”	Euto Capital Partners Limited, being independent financial adviser appointed to advise the Independent Board Committee and the Independent Kingsley Shareholders in relation to the Offer
“Independent Shareholders”	means Kingsley Shareholders other than the Offeror and the Offeror Concert Parties
“Interim Period”	means the period between the date of the Offer and up to the First Closing Date (both dates inclusive)
“Irrevocable Undertaking(s)”	means the irrevocable undertaking dated 24 January 2020 and executed by Star Shine, DGMK Investment, Eduking Investment in favour of the Offeror as described in the Rule 3.5 Announcement
“Kingsley” or “Offeree” or “Company”	means Kingsley Edugroup Limited, a company incorporated in the Cayman Islands with limited liability, the Kingsley Shares of which are listed on GEM with the stock code of 8105
“Kingsley Board” or “Board”	means the board of Kingsley Directors
“Kingsley Director(s)” or “Director(s)”	means the director(s) of Kingsley
“Kingsley Group” or “Group”	means Kingsley and its subsidiaries
“Kingsley Hills”	Kingsley Hills Sdn. Bhd. (formerly known as One Beverly Hills Sdn. Bhd.), a company incorporated under the laws of Malaysia with limited liability on 17 January 2008 and is directly wholly-owned by B&G Capital Resources Berhad, a company incorporated under the laws of Malaysia which is owned as to 22.6% by Tan Sri Barry Goh and 77.4% by Syapuma Sdn Bhd, a company incorporated under the laws of Malaysia which is wholly owned by Tan Sri Barry Goh

DEFINITIONS

“Kingsley International”	Kingsley International Sdn. Bhd., a company incorporated under the laws of Malaysia with limited liability, which is an indirect wholly-owned subsidiary of Kingsley
“Kingsley Share(s)” or “Share(s)”	means the ordinary share(s) of HK\$0.01 each in the issued share capital of Kingsley
“Kingsley Shareholder(s)”	means holder(s) of the Kingsley Shares
“KIS Annex Land”	means a parcel of land held under H.S.(D) 279714, PT36308 measuring approximately two acres in the Mukim of Damansara, District of Petaling, State of Selangor, Malaysia
“Last Trading Date”	means 24 January 2020, being the last trading day before the issue of the Rule 3.5 Announcement
“Latest Practicable Date”	means 28 February 2020
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the Main Board of the Stock Exchange
“Mapleleaf”	means China Maple Leaf Educational Systems Limited, a company incorporated in the Cayman Islands with limited liability, the Mapleleaf Shares of which are listed on the Stock Exchange with stock code of 1317
“Mapleleaf Directors”	means the directors of Mapleleaf
“Mapleleaf Group”	means Mapleleaf and its subsidiaries
“Mapleleaf Shares”	means the ordinary share(s) of US\$0.0005 each in the issued share capital of Mapleleaf
“Offer”	means the voluntary conditional general cash offer being made by the Offeror for all the Kingsley Shares
“Offer Conditions”	means the conditions of the Offer as set out in the paragraph headed “Conditions of the Offer” in the Rule 3.5 Announcement and the paragraph headed “Conditions of the Offer” in the Letter from Ballas in the Offer Document

DEFINITIONS

“Offer Document”	the offer document dated 19 February 2020 issued by the Offeror in respect of the Offer in accordance with the Takeovers Code containing, among other things, detailed terms of the Offer, together with the Form(s) of Acceptance
“Offer Payment”	means the full payment due to the Covenanted Kingsley Shareholders or the other Kingsley Shareholders as the case may be
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 29 January 2020 (the date of the Rule 3.5 Announcement) and ending on the close of the Offer
“Offer Price”	means the offer price for the Offer Shares, being HK\$0.54 per Offer Share
“Offer Share(s)”	means the Kingsley Shares
“Offeror”	means Maple Leaf Education Asia Pacific Limited, a company incorporated in Hong Kong with limited liability, and is a wholly-owned subsidiary of Mapleleaf
“Offeror Concert Parties”	means the parties acting in concert with the Offeror
“Outgoing Directors”	means all the existing directors of Kingsley namely, Tan Sri Dato’ Sri Goh Ming Choon, Dato’ Danny Goh Meng Keong, Dr. Chua Ping Yong, 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
“Overseas Kingsley Shareholders”	Kingsley Shareholders whose addresses, as shown on the register of members of Kingsley, are outside Hong Kong
“PRC”	means the People’s Republic of China
“Relevant Kingsley Entities”	the subsidiaries to be deregistered after completion of the Offer, details of which are set out in the section headed “INTENTIONS OF THE OFFEROR” in the Rule 3.5 Announcement

DEFINITIONS

“Relevant Period”	the period commencing from 29 July 2019, being the date falling six months preceding the Rule 3.5 Announcement dated 29 January 2020, being the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Remaining Shares”	means the Offer Shares not acquired by the Offeror (by virtue of the acceptances of the Offer or otherwise) within the period of 4 months after posting the initial Offer Document
“Response Document”	this response document in respect of the Offer issued by Kingsley in accordance with the Takeovers Code
“RM”	means Malaysian ringgit, the lawful currency of Malaysia
“Rule 3.5 Announcement”	the announcement issued by the Offeror dated 29 January 2020 in relation to, amongst others, the Offer
“School” or “Kingsley International School”	means Kingsley International School
“SFC”	means the Securities and Futures Commission
“SFO”	means the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Star Shine”	Star Shine Finance Limited, a company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Tan Sri Barry Goh, an executive Kingsley Director
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Takeovers Code”	means The Code on Takeovers and Mergers
“US\$”	means United States dollars, the lawful currency of the United States of America



KINGSLEY EDUGROUP LIMITED

皇立國際教育企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8105)

Executive Directors:

Tan Sri Dato' Sri Goh Ming Choon
Dato' Danny Goh Meng Keong
Dr. Chua Ping Yong

Registered office:

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Independent non-executive Directors:

Prof. Emeritus Tan Sri Dato'
Dr. Mohamed Salleh Bin Mohamed Yasin
Tan Sri Dato' Hj Abd Karim Bin Shaikh Munisar
Prof. Dr. Rozainun Binti Abdul Aziz

Head office and principal

place of business in Hong Kong:
Unit 2413A, 24/F.,
Tower One,
Lippo Centre
89 Queensway, Admiralty
Hong Kong

4 March 2020

To the Kingsley Shareholders

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY BALLAS CAPITAL LIMITED
ON BEHALF OF
MAPLE LEAF EDUCATION ASIA PACIFIC LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL
OF
KINGSLEY EDUGROUP LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 29 January 2020, the Offeror and the Offeree jointly announced that Ballas Capital would make a voluntary conditional cash offer on behalf of the Offeror to acquire all the issued shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) pursuant to terms as disclosed in the Rule 3.5 Announcement.

LETTER FROM THE BOARD

On 19 February 2020, the Offeror despatched the Offer Document and the Acceptance Form.

On 28 February 2020, the Offer has become unconditional in all respects.

In accordance with Rule 2.1 of the Takeovers Code, the Company is required to establish an independent board committee of the Board to advise the Independent Shareholders in respect of the Offer. The Independent Board Committee comprising Professor 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, all being independent non-executive Directors, has been formed to advise the Independent Kingsley Shareholders in respect of the Offer.

Euto Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee. The letter of advice from the Independent Financial Adviser addressed to Independent Board Committee is set out in pages 23 to 53 of this Response Document.

The purpose of this Response Document is to provide you with, among other things, information relating to the Kingsley Group and the Offer, the recommendation of the Board and the Independent Board Committee to the Independent Kingsley Shareholders in respect of the Offer, and the advice of from the Independent Financial Adviser to the Independent Board Committee on the Offer.

You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Offer.

THE OFFER

The terms of the Offer are set out in the Offer Document and the Form(s) of Acceptance. You are recommended to refer to the Offer Document and the Form(s) of Acceptance for further details.

Ballas Capital is, on behalf of the Offeror, making the Offer on the following basis:

The Offer:

For each Offer Share HK\$0.54 in cash

As at the Latest Practicable Date, the Company has 800,000,000 Kingsley Shares in issue.

According to the information contained in the Offer Document, as at 14 February 2020, the Offeror was not interested in any Kingsley Shares.

LETTER FROM THE BOARD

The Offer shall be conditional upon the satisfaction of the following Offer Conditions on or before the Closing Date unless otherwise waived by the Offeror. All the Offer Conditions have been satisfied as of 28 February 2020.

1. All the documents, licenses, permits, accounts (both audited and unaudited), representations and statements provided by Kingsley in relation to Kingsley, its subsidiaries and the School are legal, true, accurate, complete and not misleading as at the Closing Date;
2. All the approvals, consents and permits in relation to the change in the shareholding in the Kingsley Group (including but not limited to the change in shareholding in the Kingsley Group held by Tan Sri Barry Goh) and a change in the management of Kingsley International resulting from the Offer shall be obtained from all relevant banks and/or financial institutions providing banking facilities to the Kingsley Group, including but not limited to OCBC Al-Amin Bank Berhad (OCBC RCF-I facility) and CIMB Islamic Bank Berhad (CIMB TF-I facility), by the Kingsley Group on or before the Closing Date;
3. Valid acceptance of the Offer having been received (and not, where permitted, withdrawn) in respect of such number of Shares which would result in the Offeror holding at least 90% of the Offer Shares and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties);
4. The Kingsley Shares remaining, during the Interim Period, listed and trading on the Stock Exchange and there being, up to the Closing Date, no indication from the Stock Exchange or the SFC that the listing and/or trading of the Kingsley Shares on the Stock Exchange will be revoked or objected for reason other than any suspension of trading in the Kingsley Shares due to insufficient public float in the Kingsley Shares immediately after the Closing Date, or any suspension of trading in the Kingsley Shares pending clearance of the transactions contemplated under the Offer by the SFC and/or the Stock Exchange);
5. From the date of making the Offer, (i) there shall have occurred no material adverse effect with respect to the financial conditions or operating performance of the Kingsley Group as a whole and (ii) there shall have occurred no material adverse change in the applicable laws of all jurisdictions in which the Kingsley Group operates which may have a material adverse effect on the Kingsley Group as a whole;
6. As of the Closing Date, Kingsley nor other members of the Kingsley Group shall have breached or failed to comply (and there shall have occurred no event which causes Kingsley or other members of the Kingsley Group to not perform) any deeds, agreements, leases, mortgages, trust deeds, covenants or loan agreements to which Kingsley or other members of the Kingsley Group is a party or which has binding effect on the respective assets of Kingsley or

LETTER FROM THE BOARD

other members of the Kingsley Group and the breach of which may have material adverse effect with respect to the financial conditions or operating performance of the Kingsley Group as a whole;

7. No event having occurred which would make any of the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit implementation of any of the Offer or would impose any additional material conditions or obligations with respect to any of the Offer or any part thereof; and
8. No relevant government, governmental, quasi-government, statutory or regulatory body or court in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offer, the irrevocable undertaking letter or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offer or its implementation in accordance with its terms).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke the above Offer Conditions as basis for not proceeding with the Offer only if the circumstances which give rise to a right to invoke such conditions are of material significance to the Offeror in the context of the Offer. The Offeror will not waive condition numbered (3) above in respect of the acceptance level of the Offer. All other Offer Conditions can be waived by the Offeror. If any of the above conditions cannot be fulfilled or waived by the Closing Date, the Offer will lapse.

As at the Latest Practicable Date, all the Offer Conditions have been satisfied. The Offer has become unconditional in all respects on 28 February 2020.

Further details of the Offer including, among others, the terms and procedures of acceptance of the Offer, are set out in the Offer Document and the Form(s) of Acceptance.

INFORMATION ON THE OFFEROR

Please refer to the Offer Document for the information on the Offeror.

INFORMATION ON THE KINGSLEY GROUP

Kingsley is incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the GEM since 16 May 2018. The Kingsley Group is a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services), and tertiary education programmes through the Kingsley Tertiary Institutions (comprising Kingsley Skills College, Kingsley Professional Centre and Kingsley College).

LETTER FROM THE BOARD

Highlights of the consolidated results of Kingsley as extracted from the annual reports of Kingsley for the year ended 30 June 2018 and 2019 and the interim results announcement of Kingsley for the six months ended 31 December 2019 are set out below:

	For the Six months ended 31 December 2019 (unaudited) RM'000	For the year ended 30 June 2019 (audited) RM'000	For the year ended 30 June 2018 (audited) RM'000
Revenue	14,109	30,998	30,007
Profit/(Loss) before income tax	(5,102)	2,069	1,288
Profit/(Loss) for the year/period	(5,115)	2,151	1,180
Profit/(Loss) attributable to:			
Equity holders of Kingsley	(4,870)	2,252	1,510
Minority interest	(245)	(101)	(330)
Basic earnings per Kingsley Share (RM sen)	(0.61)	0.28	0.24

The audited consolidated net assets attributable to the Kingsley Shareholders were approximately RM76,266,000 (approximately HK\$144,905,400) as at 30 June 2019 and approximately RM68,519,000 (approximately HK\$130,186,100) as at 30 June 2018.

INTENTIONS OF THE OFFEROR

As at the Latest Practicable Date, the Offeror has acquired not less than 90% of the Offer Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties), the Offeror intends to privatise Kingsley by exercising the compulsory acquisition rights to which it is entitled subject to compliance with Rule 2.11 of the Takeovers Code and the Companies Law to acquire the Remaining Shares, and following which the listing of Kingsley on GEM shall be withdrawn pursuant to Rule 9.23 of the GEM Listing Rules. Kingsley will comply with the relevant requirements in the GEM Listing Rules in this regard.

Kingsley will make application to the Stock Exchange for the withdrawal of listing of the Kingsley Shares on the Stock Exchange under Rule 9.23(1) of GEM Listing Rules.

Kingsley Board currently consists of six Kingsley Directors, comprising three executive Kingsley Directors and three independent non-executive Kingsley Directors. It is the Offeror's intention that the Outgoing Directors, being all of the existing directors of Kingsley, shall cease to be directors of Kingsley with effect from the earliest date permitted under Rule 7 and other provisions of the Takeovers Code (which is until the First Closing Date, or the date when the Offer becomes or is declared unconditional, whichever is the later).

LETTER FROM THE BOARD

It is the intention of the Offeror to cease the tertiary education segment and focus on the international school segment business of the Kingsley Group. Accordingly, the Offeror intends to deregister the following member entities of Kingsley Group (collectively, the “**Relevant Kingsley Entities**”) after completion of the Offer:

- Kingsley Graduate School Malaysia Sdn Bhd;
- Kingsley Professional Centre Sdn Bhd;
- Kingsley Skills Sdn Bhd;
- Kingsley Advisory And Strategic Initiatives Sdn Bhd;
- Kingsley Language House Sdn Bhd; and
- Kingsley Catering Sdn Bhd

Except for the Outgoing Directors, cessation of tertiary education segment and the deregistration of the Relevant Kingsley Entities as set out above, the Offeror does not have any intention to introduce any significant changes to the existing operations and management of the Kingsley Group, nor does it have any intention to make any significant changes to the continued employment of the Kingsley Group’s employees nor does it have any intention to dispose of existing business of Kingsley Group or inject significant business or assets into the Kingsley Group.

ACQUISITION OF KIS ANNEX LAND AND COVENANTING KINGSLEY SHAREHOLDERS ESCROW ARRANGEMENT

As at the Latest Practicable Date, Kingsley Hills is the registered owner of the KIS Annex Land, upon which the Offeree operates its School. Kingsley Hills is indirectly wholly owned by Tan Sri Barry Goh (chairman and controlling shareholder of Offeree). Tan Sri Barry Goh wholly owned Star Shine which in turn held 62% issued shares of the Offeree. Star Shine is one of the Covenanting Kingsley Shareholders which has executed the Irrevocable Undertakings to accept the Offer.

As disclosed on page 209 of Kingsley’s prospectus dated 30 April 2018, Kingsley Hills entered into a sale and purchase agreement dated 18 April 2018 with Kingsley International (Kingsley’s indirectly wholly-owned subsidiary), pursuant to which Kingsley Hills agreed to transfer the KIS Annex Land to Kingsley International at a nominal consideration of RM10 on 31 December 2018 or any other date as agreed between the parties. Kingsley has been using the KIS Annex Land free of charge pending the completion of formal transfer of land title from Kingsley Hills to Kingsley International. The School’s annex building is situated on the KIS Annex Land. As agreed between Kingsley Group and Kingsley Hills, the title transfer of KIS Annex Land would be completed within three months after the Offer becomes unconditional, for the following reasons:

- 1) Kingsley has been using the KIS Annex Land free of charge pending the completion of formal transfer of land title thereof, hence Kingsley would not

LETTER FROM THE BOARD

need to pay extra rental or consideration above the nominal consideration of RM10, and accordingly the timing of acquisition of KIS Annex Land would not affect Kingsley's usage of or consideration payable for the KIS Annex Land;

- 2) KIS Annex Land is currently subject to a charge (the "**KIS Annex Land Charge**") in favour of Affin Islamic Bank Berhad (a licensed commercial bank in Malaysia) which could be fully discharged through payment of approximately RM37 million (i.e. approximately HK\$70 million) if the repayment can be made by end of February 2020. The first tranche (i.e. 50% of Offer Payment payable by Offeror to Covenanting Kingsley Shareholders) would be more than sufficient to discharge the KIS Annex Land Charge. The Covenanting Kingsley Shareholders intend to utilize part of the first tranche of the Offer Payment to fully discharge the KIS Annex Land Charge soonest after receipt of the Offer Payment payable by the Offeror to the Covenanting Kingsley Shareholders when the Offer becomes unconditional; and
- 3) the KIS Annex Land Charge was created in December 2017 before the sale and purchase agreement was signed in April 2018. The title transfer of KIS Annex Land would not be completed without the discharge of the KIS Annex Land Charge, and therefore the title transfer has not been completed as at the Latest Practicable Date.

As at the Latest Practicable Date, Kingsley Hills as the registered owner of the KIS Annex Land, has undertaken to the Offeror that it will procure to complete the transfer of land title to Kingsley International at nominal consideration of RM10 within three months after the Offer becomes unconditional.

For avoidance of doubt, the transfer of land title of KIS Annex Land will lead to a milestone payment to the Covenanting Kingsley Shareholders, but is not Offer Condition, and would not impose impact on the Independent Kingsley Shareholders.

Pursuant to the Irrevocable Undertaking, the Covenanting Kingsley Shareholders undertake to accept the Offer by submission of acceptance form in the same way as other Kingsley Shareholders. In accordance with Rule 20 of the Takeovers Code, after the Offer becomes unconditional, the full payment due to the Covenanting Kingsley Shareholders for their respective acceptance of the Offer shall be settled at the same time as other Kingsley Shareholders for their acceptance of the Offer.

Based on arm's length negotiation, the Offeror and the Covenanting Kingsley Shareholders have agreed on the following escrow arrangement ("**Covenanting Kingsley Shareholders Escrow Arrangement**") with respect to the date of release of the Offer Payment to the Covenanting Kingsley Shareholders.

LETTER FROM THE BOARD

Percentage of Offer Payment to be released to the Covenanting Kingsley Shareholders	Milestone/Payment timeline	Expected date of release of payment under the Covenanting Kingsley Shareholders Escrow Arrangement (for illustration purpose only)
50%	Upon the same time as other Kingsley Shareholders who have accepted the Offer prior to the First Closing Date	Within 7 Business Days of the later of the date the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance
20%	All the Outgoing Directors ceasing their directorship position with Kingsley	After the First Closing Date or when the Offer becomes or is declared unconditional (whichever is later)
30%	Completion of transfer of land title of the KIS Annex Land from Kingsley Hills (the Covenanting Kingsley Shareholder's affiliate) to Kingsley's wholly-owned subsidiary at a nominal consideration of RM10	Within three months after the Offer becomes or is declared unconditional (whichever is later)

The Covenanting Kingsley Shareholders shall be entitled to any interest accrued in the escrow account for the deferred release of the Offer Payment.

For avoidance of doubt, the milestone payment schedule above only applies to the Covenanting Kingsley Shareholders. All the other Kingsley Shareholders are entitled to full settlement of the Offer Price pursuant to Rule 20.1(a) of the Takeovers Code (i.e. as soon as possible but in any event within seven Business Days following the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptance).

LETTER FROM THE BOARD

LISTING STATUS OF KINGSLEY AND COMPULSORY ACQUISITION RIGHTS AND WITHDRAWAL FROM LISTING

As at the Latest Practicable Date, the Offeror has acquired not less than 90% of the Offer Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties), subject to compliance with Rule 2.11 of the Takeovers Code, the Offeror intends to privatise Kingsley by exercising the compulsory acquisition rights to which it is entitled under the Companies Law to acquire the Remaining Shares, and following which the listing of Kingsley on GEM shall be withdrawn pursuant to Rule 9.23 of the GEM Listing Rules. Kingsley will comply with the relevant requirements in the GEM Listing Rules in this regard.

Kingsley will make application to the Stock Exchange for the withdrawal of listing of the Kingsley Shares on the Stock Exchange under Rule 9.23(1) of GEM Listing Rules.

SUSPENSION OF TRADING

It is currently expected that the shares of Kingsley will be suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. The Kingsley Shareholders who do not accept the Offer before the Closing Date, which is currently expected to be 18 March 2020, would not be able to trade the Kingsley Shares on the Stock Exchange if the trading is suspended.

COMMITMENT BY THE COVENANTING KINGSLEY SHAREHOLDERS TO ACCEPT THE OFFERS UNDER THE IRREVOCABLE UNDERTAKINGS

The Covenanting Kingsley Shareholders, comprising Star Shine, DGMK Investment and Eduking Investment and Eduking Investment, collectively held 75% issued shares of Kingsley as at the Latest Practicable Date, and have executed the Irrevocable Undertakings to accept the Offer. For details of the Irrevocable Undertakings, please refer to the Offer Document.

As at the date of this Response Document, the Covenanting Kingsley Shareholders have accepted the Offer and duly submitted the Form of Acceptance.

LETTER FROM THE BOARD

VIEWS OF THE BOARD OF DIRECTORS OF KINGSLEY

The Kingsley Directors (including the independent non-executive directors of Kingsley (after taking into account the opinion of the Independent Financial Adviser) are of the view that the Offer is fair and reasonable and in the interests of the Kingsley Shareholders as a whole for the following principal reasons:

- 1) the liquidity of Kingsley Shares has been at a low level over a long period of time. The low trading liquidity of the Kingsley Shares could make it difficult for Kingsley Shareholders to execute substantial on-market disposals without adversely affecting the price of the Kingsley Shares and also make it difficult for Kingsley Shareholders to dispose of a large number of Kingsley Shares when any event that has an adverse impact on Kingsley's share price occurs; and
- 2) the costs and management resources associated with maintaining the listing status of Kingsley are substantial.

RECOMMENDATION

Based on the circumstances of the Company as at the Latest Practicable Date and having considered the terms of the Offer and the advice from the Independent Financial Adviser to the Independent Board Committee, the Board considers that the terms of the Offer are fair and reasonable so far as the Independent Kingsley Shareholders are concerned, and the Board recommends that the Independent Kingsley Shareholders should accept the Offer.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 21 to 22 of this Response Document which contains its recommendation to the Independent Shareholders in respect of the Offer and the letter from the Independent Financial Adviser set out on pages 23 to 53 of this Response Document which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors and reasons taken into consideration in arriving at its recommendation.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Response Document.

You are also recommended to read carefully further details in respect of the Offer as set out in the Offer Document and the Form(s) of Acceptance and Transfer which contain details of the Offer before deciding whether or not to accept the Offer.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Offer.



KINGSLEY EDUGROUP LIMITED

皇崇國際教育企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8105)

4 March 2020

To the Independent Kingsley Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY BALLAS CAPITAL LIMITED
ON BEHALF OF
MAPLE LEAF EDUCATION ASIA PACIFIC LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL
OF
KINGSLEY EDUGROUP LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Response Document dated 4 March 2020 (the “**Response Document**”) issued by Kingsley of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Response Document. We have been appointed by the Kingsley Board to form the Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms and conditions of the Offer are fair and reasonable so far as the Independent Kingsley Shareholders are concerned and as to acceptance of the Offer. We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Kingsley Shareholders.

Euto Capital Partners Limited has been appointed, with our approval, as the Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the Offer and as to acceptance of the Offer. The details of its advice and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” set out in the Response Document.

We also wish to draw your attention to the “Letter from the Board” and the additional information set out in the Response Document, including the appendices to the Response Document and the Offer Document with the accompanying Form of Acceptance.

RECOMMENDATIONS

Having taken into account the advice and recommendations of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser”, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are fair and reasonable so far as the Independent Kingsley Shareholders are concerned, and recommend the Independent Kingsley Shareholders to accept the Offer. Notwithstanding our recommendations, the Independent Kingsley Shareholders are strongly advised that their decision to realise or to hold their investment in Kingsley depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Kingsley Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

For and on behalf of the Independent Board Committee of
KINGSLEY EDUGROUP LIMITED

**Prof. Emeritus Tan Sri
Dato’ Dr. Mohamed Salleh
Bin Mohamed Yasin**
*Independent non-executive
Director*

**Tan Sri Dato’ Hj Abd
Karim Bin Shaikh
Munisar**
*Independent non-executive
Director*

**Prof. Dr. Rozainun Binti
Abdul Aziz**
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Euto Capital Partners Limited
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www.eutocapital.com

4 March 2020

*To the Independent Board Committee and
the Independent Kingsley Shareholders
of Kingsley Edugroup Limited*

Dear Sir and Madam

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER
BY BALLAS CAPITAL LIMITED
ON BEHALF OF MAPLE LEAF EDUCATION ASIA PACIFIC LIMITED TO ACQUIRE
ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF KINGSLEY EDUGROUP
LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We, Euto Capital Partners Limited, refer to our appointment as the independent financial adviser to the Independent Board Committee, the Independent Kingsley Shareholders in respect of the Offer, particulars of which are set out in the Offer Document dated 19 February 2020 (“**Offer Document**”). Capitalised terms used in this letter shall have the same meanings as those defined in the Offer Document and the Response Document, of which this letter forms part, unless the context otherwise requires.

On 29 January 2020, the Offeror and the Offeree jointly announced that Ballas Capital would make a voluntary conditional cash offer on behalf of the Offeror to acquire all the issued shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) pursuant to terms as disclosed in the Rule 3.5 Announcement.

On 19 February 2020, the Offeror despatched the Offer Document and the Acceptance Form.

On 28 February 2020, the Offer has become unconditional in all respects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

Pursuant to the GEM Listing Rules and the Takeovers Code, the Independent Board Committee comprising Professor 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, all of which are the independent non-executive Kingsley Directors, has been formed to advise the Independent Kingsley Shareholders in respect of the Offer.

We, Euto Capital Partners Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Kingsley Shareholders in this respect. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not belong to the same group as the financial/other professional adviser (including a stockbroker) to the Offeror and/or did not, or do not, have a significant connection, financial or otherwise, with any member of Kingsley Group, the Offeror or any of their respective substantial shareholders or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Kingsley Shareholders regarding the Offer.

Apart from our present appointment, we have not acted as the financial adviser nor the independent financial adviser in respect of any transaction of Kingsley in the past two years under the GEM Listing Rules or Takeovers Code. In addition, apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from any members of Kingsley Group, or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee, the Independent Kingsley Shareholders, we have relied on (i) the statements, information, opinions and representations contained or referred to in the Offer Document and the Response Document; (ii) the information and representations provided to us by the Kingsley Directors and/or the management of Kingsley and its subsidiaries (the "**Management**"); and (iii) our review of the relevant public information.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that all information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. The Independent Kingsley Shareholders will be notified for any subsequent material changes to such statements, information, opinions and/or representations as soon as practicable in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Kingsley Directors in the Reponses Document were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Response Document the omission of which would make any such statement contained in the Response Document misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Management nor have we conducted any independent investigation into the business, financial conditions, affairs or future prospects of Kingsley, the Offeror, and parties acting concert with them.

All the Kingsley Directors jointly and severally accept full responsibility for the accuracy of the information in relation to Kingsley contained in the Response Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Response Document (other than those expressed by the Mapleleaf Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Response Document, the omission of which would make any statement in the Response Document misleading.

The information contained in the Response Document relating to the Offeror has been extracted from or based on the published information relating to the Offer. The only responsibility accepted jointly and severally by Kingsley Directors in respect of such information is for the correctness and fairness of its reproduction or presentation.

The Mapleleaf Directors and the sole director of the Offer jointly and severally accept full responsibility for the accuracy of the information contained in the Offer Document (other than information relating to Kingsley and parties acting in concert with them) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Offer Document (other than those expressed by the Kingsley Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Offer Document, the omission of which would make any statement in the Offer Document misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The information contained in the Offer Document relating to Kingsley Group has been supplied by Kingsley or extracted from or based on the published information relating to the Kingsley Group. The only responsibility accepted by the sole director of the Offeror and jointly and severally by Mapleleaf Directors in respect of such information is for the correctness and fairness of its reproduction or presentation.

We have not considered the tax and regulatory implications on the Independent Kingsley Shareholders of their acceptance or non-acceptance of the Offer since these are particular to their own individual circumstances. In particular, the Independent Kingsley Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

This letter is issued to the Independent Board Committee, the Independent Kingsley Shareholders solely in connection with their consideration in respect of the Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee, the Independent Kingsley Shareholders in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Principal terms of the Offer

(a) The Offer Price

The Offer is being made by Ballas Capital, on behalf of the Offeror, on the following basis:

For each Offer Share HK\$0.54 in cash

As at the Latest Practicable Date, Kingsley has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Kingsley Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of Kingsley.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) The Conditions of the Offer

The Offer shall be conditional upon the satisfaction of the following Offer Conditions on or before the Closing Date unless otherwise waived by the Offeror:

- (i) All the documents, licenses, permits, accounts (both audited and unaudited), representations and statements provided by Kingsley in relation to Kingsley, its subsidiaries and the School are legal, true, accurate, complete and not misleading as at the Closing Date;
- (ii) All the approvals, consents and permits in relation to the change in the shareholding in the Kingsley Group (including but not limited to the change in shareholding in the Kingsley Group held by Tan Sri Barry Goh) and a change in the management of Kingsley International) resulting from the Offer shall be obtained from all relevant banks and/or financial institutions providing banking facilities to the Kingsley Group, including but not limited to OCBC Al-Amin Bank Berhad (OCBC RCF-I facility) and CIMB Islamic Bank Berhad (CIMB TF-I facility), by the Kingsley Group on or before the Closing Date;
- (iii) Valid acceptance of the Offer having been received (and not, where permitted, withdrawn) in respect of such number of Shares which would result in the Offeror holding at least 90% of the Offer Shares and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties);
- (iv) The Kingsley Shares remaining, during the Interim Period, listed and trading on the Stock Exchange and there being, up to the Closing Date, no indication from the Stock Exchange or the SFC that the listing and/or trading of the Kingsley Shares on the Stock Exchange will be revoked or objected for reason other than any suspension of trading in the Kingsley Shares due to insufficient public float in the Kingsley Shares immediately after the Closing Date, or any suspension of trading in the Kingsley Shares pending clearance of the transactions contemplated under the Offer by the SFC and/or the Stock Exchange);
- (v) From the date of making the Offer, (i) there shall have occurred no material adverse effect with respect to the financial conditions or operating performance of the Kingsley Group as a whole and (ii) there shall have occurred no material adverse change in the applicable laws of all jurisdictions in which the Kingsley Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

operates which may have a material adverse effect on the Kingsley Group as a whole;

- (vi) As of the Closing Date, Kingsley nor other members of the Kingsley Group shall have breached or failed to comply (and there shall have occurred no event which causes Kingsley or other members of the Kingsley Group to not perform) any deeds, agreements, leases, mortgages, trust deeds, covenants or loan agreements to which Kingsley or other members of the Kingsley Group is a party or which has binding effect on the respective assets of Kingsley or other members of the Kingsley Group and the breach of which may have material adverse effect with respect to the financial conditions or operating performance of the Kingsley Group as a whole;
- (vii) No event having occurred which would make any of the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit implementation of any of the Offer or would impose any additional material conditions or obligations with respect to any of the Offer or any part thereof; and
- (viii) No relevant government, governmental, quasi-government, statutory or regulatory body or court in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offer, the irrevocable undertaking letter or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offer or its implementation in accordance with its terms).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke the above Offer Conditions as basis for not proceeding with the Offer only if the circumstances which give rise to a right to invoke such conditions are of material significance to the Offeror in the context of the Offer. The Offeror will not waive condition numbered (3) above in respect of the acceptance level of the Offer. All other Offer Conditions can be waived by the Offeror. If any of the above conditions cannot be fulfilled or waived by the Closing Date, the Offer will lapse.

As of the Latest Practicable Date, all the Offer Conditions have been satisfied. The Offer has become unconditional in all respects on 28 February 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If the Acceptance Shares represent in aggregate not less than 90% of the Offer Shares and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties), the Offeror will exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Companies Law to privatise Kingsley.

Upon the Offer Conditions being fulfilled, the Offer will become or be declared unconditional in all respects in accordance with the Takeovers Code. Any valid acceptances already lodged (and not withdrawn) will be processed and the relevant Kingsley Shares assented to the Offer shall be transferred from the accepting Independent Kingsley Shareholders to the Offeror accordingly. The aggregate shareholdings of the Offeror Concert Parties will be increased to that extent. The Offer, if so become or declared unconditional, will also remain open for acceptance for at least 14 days thereafter in accordance with the Takeovers Code. If the Offer Conditions are not fulfilled, the Offer will lapse in accordance with the Takeovers Code.

(c) Commitment by the Covenancing Kingsley Shareholders to accept the Offer under the Irrevocable Undertakings and the Escrow Arrangement

The Covenancing Kingsley Shareholders, comprising Star Shine, DGMK Investment and Eduking Investment, collectively held 75% issued shares of Kingsley as at the Latest Practicable Date, have executed the Irrevocable Undertakings to accept the Offer.

Pursuant to the Irrevocable Undertaking, the Covenancing Kingsley Shareholders undertake to accept the Offer by submission of acceptance form in the same way as other Kingsley Shareholders. In accordance with Rule 20 of the Takeovers Code, after the Offer becomes unconditional, the full payment due to the Covenancing Kingsley Shareholders for their respective acceptance of the Offer shall be settled at the same time as other Kingsley Shareholders for their acceptance of the Offer.

As disclosed in the Kingsley's announcement dated 26 February 2020, pursuant to the Irrevocable Undertakings, the Covenancing Kingsley Shareholders have accepted the Offer in respect of all of the Kingsley Shares owned by them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on arm's length negotiation, the Offeror and the Covenanting Kingsley Shareholders have agreed on the Covenanting Kingsley Shareholders Escrow Arrangement with respect to the date of release of the Offer Payment to the Covenanting Kingsley Shareholders.

Percentage of Offer Payment to be released to the Covenanting Kingsley Shareholders	Milestone/Payment timeline	Expected date of release of payment under the Covenanting Kingsley Shareholders Escrow Arrangement (for illustration purpose only)
50%	Upon the same time as other Kingsley Shareholders who have accepted the Offer prior to the First Closing Date	Within 7 Business Days of the later of the date the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance
20%	All the Outgoing Directors ceasing their directorship position with Kingsley	After the First Closing Date or when the Offer becomes or is declared unconditional (whichever is later)
30%	Completion of transfer of land title of the KIS Annex Land from Kingsley Hills (the Covenanting Kingsley Shareholder's affiliate) to Kingsley's wholly-owned subsidiary at a nominal consideration of RM10	Within three months after the Offer becomes or is declared unconditional (whichever is later)

The Covenanting Kingsley Shareholders shall be entitled to any interest accrued in the escrow account for the deferred release of the Offer Payment.

2. General information of Kingsley

As set out in the Response Document, Kingsley is incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the GEM since 16 May 2018. The Kingsley Group is a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services), and tertiary education programmes through the Kingsley Tertiary Institutions (comprising Kingsley Skills College, Kingsley Professional Centre and Kingsley College).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Financial information of the Kingsley Group

(a) Historical financial performance

Set out below is a summary of the financial information of the Kingsley Group for the (i) six months ended 31 December 2019 and 2018 as extracted from the interim report of Kingsley (“**2019 Interim Report**”) and (ii) financial year ended 30 June 2019 (“**FY2019**”) and 30 June 2018 (“**FY2018**”) as extracted from the annual report of the Company for the year ended 30 June 2019 (“**2019 Annual Report**”):

	International School				Tertiary Education				Others ^(Note 1)				Total			
	Six months ended 31 December		Financial year ended 30 June		Six months ended 31 December		Financial year ended 30 June		Six months ended 31 December		Financial year ended 30 June		Six months ended 31 December		Financial year ended 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)	(audited)
Tuition fees	6,566	5,743	18,553	21,117	-	36	89	84	-	-	-	-	6,566	5,779	18,642	21,201
Ancillary service	6,121	4,262	10,271	8,748	-	38	38	58	-	-	-	-	6,121	4,300	10,309	8,806
Others	-	-	-	-	-	-	-	-	1,422	277	2,047	-	1,422	277	2,047	-
Total Revenue	12,687	10,005	28,824	29,865	-	74	127	142	1,422	277	2,047	-	14,109	10,356	30,998	30,007
Cost of Revenue													(8,749)	(7,364)	(16,907)	(14,493)
Gross Profit													5,315	2,992	14,091	15,514
Profit attributable to the Kingsley Shareholders													(5,115)	(2,544)	2,252	1,510

Note 1: Revenue from “Others” represents revenue generated from event business.

(i) Comparison of FY2019 and FY2018

As set out in the table above, the Kingsley Group’s revenue was mainly attributable to the collection of tuition fee from students and from ancillary services provided to students from the Group’s international school (“**International School Segment**”) while there were also minor contributions from the Group’s tertiary education segment (“**Tertiary Education Segment**”) and the others segment (“**Others Segment**”).

In FY2019, the Kingsley Group recorded revenue of approximately RM31.0 million, which was comparable to the revenue of approximately RM30.0 million in FY2018, with a slight increase of approximately RM1.0 million (equivalent to increase of approximately 3.3%).

As disclosed in 2019 Annual Report, the majority of the Kingsley 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 16.6% from approximately RM14.5 million for FY2018 to approximately RM16.9 million for FY2019 which was mainly due to increase in teaching staff costs in preparation for the anticipated increment in student number for the new academic year, as well as increase in subject options and co-curricular activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a result of the foregoing, the Kingsley Group's gross profit decreased from approximately RM15.5 million for FY2018 to approximately RM14.1 million for FY2019 and the Kingsley Group's gross profit margin decrease from approximately 51.7% for FY2018 to approximately 45.5% for FY2019.

Profit attributable to the Kingsley Shareholders increased from approximately RM1.5 million for FY2018 to approximately RM2.3 million for FY2019. The increase was mainly due to the decrease of administrative expenses by RM2.6 million, which, as advised by the Management, was mainly attributable to non-recurring listing expenses recognised during FY2018 of RM7.4 million partially offset by the increase in other administrative expenses during FY2019 by RM4.8 million mainly due to increase in the (i) compliance fees of RM1.3 million to maintain its listing status on the stock exchange of Hong Kong, (ii) administrative staff costs of RM2.1 million, (iii) operational costs of RM1.1 million; and (iv) marketing expenses of RM0.3 million.

(ii) Comparison of the six months ended 31 December 2018 and 31 December 2019

For the six months ended 31 December 2019 and 2018, the Kingsley Group recorded revenue of RM14.1 million and RM10.4 million respectively, which represents an increase of approximately RM3.7 million or 35.6%. Such increase was mainly due to (i) increase in student numbers from 855 as at 30 June 2019 to 982 students as at 31 December 2019; and (ii) increase in revenue from event business from RM0.3 million for the six months ended 30 June 2019 to RM1.42 million for the six months ended 31 December 2019.

As disclosed in 2019 Interim Report, the majority of Kingsley 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 Kingsley's Group newly completed KIS Annex Building and events and related costs.

As a result of the foregoing, the Kingsley Group's gross profit increased from approximately RM3.0 million for the six months ended 31 December 2018 to approximately RM5.3 million for the six months ended 31 December 2019 and the Kingsley Group's gross profit margin increase from approximately 28.9% for the six months ended 31 December 2018 to approximately 37.7% for the six months ended 31 December 2019.

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Loss attributable to the Kingsley Shareholders increased from RM2.5 million for the six months ended 31 December 2018 to RM5.1 million for the six months ended 31 December 2019, which represents a decrease of approximately RM2.6 million or 104%. Such increase was mainly due to (i) increase in administrative expenses by approximately RM1.5 million due to increase in depreciation of plant and equipment as well as cleaning and utilities expenses incurred for KIS Annex Building; and (ii) increase in finance cost by approximately RM0.7 million due to increase in interest expenses to serve Kingsley's existing borrowings.

(b) Historical financial position

Set out below is the extract of financial position of the Kingsley Group (i) as at 31 December 2019 as extracted from 2019 Interim Report and (ii) as at 30 June 2019 and 2018 as extracted from 2019 Annual Report:

	As at 31 December 2019	As at 30 June 2019	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)	(audited)
Non-current assets	153,967	154,229	136,418
Current assets	22,103	19,977	41,359
Current liabilities	(26,144)	(16,699)	(30,118)
Non-current liabilities	(78,775)	(81,241)	(79,141)
Net assets	71,151	76,266	68,518

(i) Comparison of the financial position as at 30 June 2019 and 30 June 2018

As set out the table above, as at 30 June 2019, the Kingsley Group's total assets amount to approximately RM174.2 million as compared to approximately RM177.8 million as at 30 June 2018, representing a decrease of approximately RM3.6 million or 2.0%.

The non-current assets of the Kingsley Group as at 30 June 2019 amounted to approximately RM154.2 million, representing an increase of RM17.8 million (equivalent to an increase of approximately 13.0%) from approximately RM136.4 million as at 30 June 2018. Such increase was mainly due to the increase of property, plant and equipment due to acquisition of property, plant and equipment for the Kingsley International School Annex Building ("**KIS Annex Building**").

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The current assets of the Kingsley Group as at 30 June 2019 amounted to approximately RM20.0 million, representing a decrease of RM21.4 million (equivalent to a decrease of approximately 51.7%) from approximately RM41.4 million as at 30 June 2018. Such decrease was mainly due to the balancing effect of (i) a decrease of cash and cash equivalents by RM28.9 million, of which, approximately RM17.9 million was due to utilization of net proceeds received from the listing of Kingsley to pay off construction cost, renovation and purchase of facilities for the KIS Annex Building and approximately RM11.0 million to meet the operational costs during FY2019; and (ii) an increase amount of due from a related party by RM5.5 million due to liquidated and ascertained damages imposed to a developer named Kingsley Hills Sdn Bhd (“**Kingsley Hills**”, an entity indirectly wholly owned by Tan Sri Barry Goh) for the KIS Annex Building.

The current liabilities of the Kingsley Group as at 30 June 2019 amounted to RM16.7 million, representing a decrease of RM13.4 million (equivalent to a decrease of approximately 44.5%) from approximately RM30.1 million as at 30 June 2018. Such decrease was mainly due to the decrease of banking borrowings by RM16.1 million due to paydown of revolving loan and repayment of term loan.

The non-current liabilities of the Kingsley Group as at 30 June 2019 amounted to RM81.2 million, representing an increase of RM2.1 million (equivalent to an increase of approximately 2.7%) from approximately RM79.1 million as at 30 June 2018. Such increase was mainly due to the balancing effect of (i) the increase of amount due to a related party by approximately RM7.2 million due to construction cost incurred during FY2019; and (ii) the decrease of bank borrowing of RM5.4 million due to repayments of bank borrowings.

As a result of the foregoing, the Kingsley Group’s net asset value amounted to RM76.3 million as at 30 June 2019, compared to approximately RM68.5 million as at 30 June 2018, representing an increase of approximately RM7.8 million or 11.4%.

(ii) *Comparison of financial position as at 31 December 2019 and 30 June 2019*

As at 31 December 2019, the Kingsley Group’s total assets amounted to approximately RM176.1 million as compared to approximately RM174.2 million as at 30 June 2019, representing an increase of approximately RM1.9 million or 1.09%.

The non-current asset of the Kingsley Group as at 31 December 2019 amounted to approximately RM153.97 million, representing only a slight decrease of RM0.26 million from approximately RM154.23 million as at 30 June 2019.

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The current assets of the Kingsley Group as at 31 December 2019 amounted to approximately RM22.1 million, representing an increase of approximately RM2.1 million (equivalent to an increase of approximately 10.5%) from approximately RM20.0 million as at 30 June 2019. Such increase was mainly due to the balancing effect of (i) the increase in cash and cash equivalents by approximately RM3.47 million due to more students joining Kingsley in the new academic year 2019/2020; and (ii) the decrease of prepayments, deposits and other receivables by approximately RM0.8 million due to the capitalization of fixed assets into the respective property, plant and equipment which were previously recorded in the prepayment accounts.

The current liabilities of the Kingsley Group as at 31 December 2019 amounted to approximately RM26.1 million, representing an increase of approximately RM9.4 million (equivalent to an increase of approximately 56.3%) from RM16.7 million as at 30 June 2019. Such increase was mainly due to (i) the increase in contract liabilities by approximately RM11.57 million as at 30 June 2019 due to large part sum of school fee had not yet recognized as revenue since December was still the middle of the school term.

The non-current liabilities of the Kingsley Group as at 31 December 2019 amounted to approximately RM78.8 million, representing a decrease of approximately RM2.4 million (equivalent to a decrease of approximately 3.0%) from approximately RM81.2 million as at 30 June 2019. Such decrease was mainly due to the decrease in bank borrowings by approximately RM3.1 million.

As a result of the foregoing, the Kingsley Group's net asset value amounted to approximately RM71.2 million as at 31 December 2018, compared to approximately RM76.3 million as at 30 June 2019, representing a decrease of approximately RM5.1 million or 7.2%.

4. Valuation of the Kingsley Group's property interests and adjusted net tangible asset value

As set out in the Response Document, as at the Latest Practicable Date, Kingsley Hills is the registered owner of the KIS Annex Land, upon which the Offeree operates its School. Kingsley Hills is indirectly wholly owned by Tan Sri Barry Goh (chairman and controlling shareholder of Offeree). Tan Sri Barry Goh wholly owned Star Shine which in turn held 62% issued shares of the Offeree. Star Shine is one of the Covenanted Kingsley Shareholders which has executed the Irrevocable Undertakings to accept the Offer.

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As disclosed on page 209 of Kingsley's prospectus dated 30 April 2018, Kingsley Hills entered into a sale and purchase agreement dated 19 April 2018 with Kingsley International (Kingsley's indirectly wholly-owned subsidiary), pursuant to which Kingsley Hills agreed to transfer the KIS Annex Land to Kingsley International at a nominal consideration of RM10 on 31 December 2018 or any other date as agreed between the parties. Kingsley has been using the KIS Annex Land free of charge pending the completion of formal transfer of land title from Kingsley Hills to Kingsley International. The School's annex building is situated on the KIS Annex Land. As agreed between Kingsley Group and Kingsley Hills, the title transfer of KIS Annex Land would be completed within three months after the Offer becomes unconditional, for the following reasons:

- (1) Kingsley has been using the KIS Annex Land free of charge pending the completion of formal transfer of land title thereof, hence Kingsley would not need to pay extra rental or consideration above the nominal consideration of RM10, and accordingly the timing of acquisition of KIS Annex Land would not affect Kingsley's usage of or consideration payable for the KIS Annex Land;
- (2) KIS Annex Land is currently subject to a charge (the "**KIS Annex Land Charge**") in favour of Affin Islamic Bank Berhad (a licensed commercial bank in Malaysia) which could be fully discharged through payment of approximately RM37 million (i.e. approximately HK\$70 million) if the repayment can be made by end of February 2020. The first tranche (i.e. 50% of Offer Payment payable by Offeror to Covenanting Kingsley Shareholders being equivalent to HK\$162 million) would be more than sufficient to discharge the KIS Annex Land Charge. The Covenanting Kingsley Shareholders intend to utilize part of the first tranche of the Offer Payment to fully discharge the KIS Annex Land Charge soonest after receipt of the Offer Payment payable by the Offeror to the Covenanting Kingsley Shareholders when the Offer becomes unconditional; and
- (3) the KIS Annex Land Charge was created in December 2017 before the sale and purchase agreement was signed in April 2018. The title transfer of KIS Annex Land would not be completed without the discharge of the KIS Annex Land Charge, and therefore the title transfer has not been completed as at the Announcement Date.

As at the Latest Practicable Date, Kingsley Hills as the registered owner of the KIS Annex Land, has undertaken to the Offeror that it will procure to complete the transfer of land title to Kingsley International at nominal consideration of RM10 within three months after the Offer becomes unconditional.

For avoidance of doubt, the transfer of land title of KIS Annex Land will lead to a milestone payment to the Covenanting Kingsley Shareholders, but is not Offer Condition, and would not impose impact on other Independent Kingsley Shareholders.

Besides, as disclosed in the 2019 Annual Report, Kingsley Group recognised land and buildings in the sum of approximately RM98.0 million. For avoidance of doubt, KIS Annex Land has not been included.

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For the purpose of insertion into the Response Document, valuation has been conducted for the aforesaid property interests together with the KIS Annex Land (collectively referred to as the “**Kingsley Property Interests**”) and the relevant property valuation report contained in Appendix II to this Response Document (the “**Property Valuation Report**”).

Based on our discussion with Knight Frank, we note that in performing the valuation of the Kingsley Property Interests, Knight Frank has adopted the market approach by referring to the sales comparables as available in the market.

We have been advised by Knight Frank that given the particulars of the Kingsley Property Interests, the above valuation methodologies represent widely accepted methodologies in arriving at the property valuation. Furthermore, we have also discussed with Knight Frank to understand the assumptions which they have taken into consideration when performing the valuation of the Kingsley Property Interests (details of the assumptions are set out in the Property Valuation Report). Knight Frank also advised that the valuation of the Kingsley Property Interests was carried out in accordance with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules; Rule 11 of the Takeovers Code; the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council. Based on the above, we believe that the above valuation approach adopted by Knight Frank in performing the valuation of the Kingsley Property Interests and the assumptions taken into consideration by Knight Frank are appropriate.

For the purpose of our analysis on the Offer and to assess the fairness and reasonableness of the Offer Price, in addition to using other important metrics such as historical share price, trading liquidity and multiples of comparable companies/transactions, details of which are elaborated in sections below, we have also used the Kingsley Group’s adjusted unaudited consolidated net asset value attributable to Kingsley Shareholders as at 30 June 2019 (“**Adjusted NAV**”) by adjusting for the total market valuation of properties as per the Property Valuation Report less the Kingsley Group’s land and building recognized as at 30 June 2019 in the 2019 Annual Report.

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The Adjusted NAV is calculated by:

	<i>RM (million)</i>	<i>HK\$ (million)</i> <i>(Note 1)</i>
The Kingsley Group's unaudited consolidated net asset value attributable to Kingsley Shareholders as at 30 June 2019	76.3	145.0
Plus: total market valuation of properties as per the Property Valuation Report	240.0	456.0
Less: Kingsley Group's land and buildings in the sum of approximately RM98.0 million as at 30 June 2019 as disclosed on page 99 of the 2019 Annual Report.	(98.0)	(186.2)
The Adjusted NAV	218.3	414.8

Note 1: For illustrative purpose, an exchange rate of HK\$1.9 for every RM is adopted.

The Adjusted NAV per Kingsley Share is therefore approximately HK\$0.5185 (based on 800,000,000 Kingsley Shares in issue as at the Latest Practicable Date). The Offer Price of HK\$0.54 per Offer Share accordingly represents a premium of approximately 4.15% to the Adjusted NAV per Kingsley Share of HK\$0.5185.

(c) Future prospects

Kingsley is a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services), and tertiary education programmes through the Kingsley Tertiary Institutions (comprising Kingsley Skills College, Kingsley Professional Centre and Kingsley College).

As published in the research publication named "Malaysia Educational Statistics 2018" and "Malaysia Educational Statistics 2019" by Ministry of Education Malaysia, the total number of Malaysia students (primary and secondary) enrolled in private institution increased from 184,930 in 2018 to 214,136 in 2019, representing a year-on-year increase of 15.8%. So far, Kingsley has been able to capture the economic benefits in this positive business environment and Kingsley has seen growth in business as evident in the increase in student numbers. As advise by the Management, Kingsley's enrolment of students has increase from 922 students as at 30 June 2018 to 1,079 students as at the Latest Practicable Date, representing an increase of 17.0%. Furthermore, in anticipation of the potential growth especially in the

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International School Segment, Kingsley has invested heavily in the KIS Annex Building which consist of boarding facilities, multi-purpose rooms which consist of activities rooms, computer laboratory, audio/video room, lecture hall, multi-purpose hall etc.) and facilities (which include the Olympic-sized swimming pool, gymnastic training facilities.). Kingsley's boarding facilities is located inside the KIS Annex Building within the campus thus ensuring a high level of security which is high in the priority list of international students. Kingsley International School is also located approximately half an hour drive from both the center of Kuala Lumpur and from the Kuala Lumpur International Airport which is another major attraction to local and international students. Thus, this puts Kingsley as one of the preferred choice of international school.

Although Kingsley's financial performance and prospect remain stable, we noted that the global economy is facing uncertainties due to the widespread outbreak of coronavirus starting from January 2020. After discussion with the Management, we noted it is still premature to reliably assess the actual impact of the same on the business of Kingsley in the time ahead. That said, we are in the opinion that accepting the Share Offer at the Offer Price provides an exit if the Independent Kingsley Shareholders wish to realise their investments in Kingsley Shares.

5. Information of the Offeror

As set out in the Offer Document, the Offeror is a company incorporated in the Hong Kong with limited liability in 2009. The Offeror is an investment holding company and its major assets include an indirectly held school campus in Singapore acquired in September 2016. The sole beneficial owner and the ultimate holding company of the Offeror is Mapleleaf.

Mapleleaf is listed on the Main Board of the Stock Exchange from 28 November 2014, and is a leading international school operator, from preschool to K-12 education, in the PRC as measured by student enrolment. Founded in 1995, Mapleleaf's headquarters is located at Dalian, Liaoning Province, China. With over twenty-four years' of experience in operating international schools around the globe, Mapleleaf provides high quality K-12 education by combining the merits of both Western and Chinese educational philosophies in 23 cities in China, British Columbia, Canada and Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Yiwu, Jingzhou, Pinghu, Xi'an, Huai'an, Yancheng, Huzhou, Weifang, Haikou, Shenzhen, Xiangyang, Kamloops, Richmond and Adelaide.

Mr. Shu Liang Sherman Jen is the controlling shareholder of Mapleleaf and is interested in approximately 51.31% of the issued share capital of Mapleleaf as at the Latest Practicable Date.

6. Intentions of the Offeror in relation to Kingsley Group

As at the Latest Practicable Date, the Offeror has acquired not less than 90% of the Offer Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties) within, but not exceeding, the period of 4 months after posting the initial Offer Document, the Offeror intends to privatise Kingsley by exercising the compulsory acquisition rights to which it is entitled subject to compliance with Rule 2.11 of the Takeovers Code and the Companies Law to acquire the Remaining Shares, and following which the listing of Kingsley on GEM shall be withdrawn pursuant to Rule 9.23 of the GEM Listing Rules. Kingsley will comply with the relevant requirements in the GEM Listing Rules in this regard.

Kingsley will make application to the Stock Exchange for the withdrawal of listing of the Kingsley Shares on the Stock Exchange under Rule 9.23(1) of GEM Listing Rules.

Kingsley Board currently consists of six Kingsley Directors, comprising three executive Kingsley Directors and three independent non-executive Kingsley Directors. It is the Offeror's intention that the Outgoing Directors, being all of the existing directors of Kingsley, shall cease to be directors of Kingsley with effect from the earliest date permitted under Rule 7 and other provisions of the Takeovers Code (which is the First Closing Date, or the date when the Offer becomes or is declared unconditional, whichever is the later).

It is the intention of the Offeror to cease the tertiary education segment and focus on the international school segment business of the Kingsley Group. Accordingly, the Offeror intends to deregister the following member entities of Kingsley Group (collectively, the "Relevant Kingsley Entities") after completion of the Offer:

- Kingsley Graduate School Malaysia Sdn Bhd;
- Kingsley Professional Centre Sdn Bhd;
- Kingsley Skills Sdn Bhd;
- Kingsley Advisory And Strategic Initiatives Sdn Bhd;
- Kingsley Language House Sdn Bhd; and
- Kingsley Catering Sdn Bhd.

Except for the Outgoing Directors, cessation of tertiary education segment and the deregistration of the Relevant Kingsley Entities as set out above, the Offeror does not have any intention to introduce any significant changes to the existing operations and management of the Kingsley Group, nor does it have any intention to make any significant changes to the continued employment of the Kingsley Group's employees nor does it have any intention to dispose of existing business of Kingsley Group or inject significant business or assets into the Kingsley Group.

7. Evaluation of the Share Offer Price

(a) Comparison between the Offer Price and the historical price of the Share

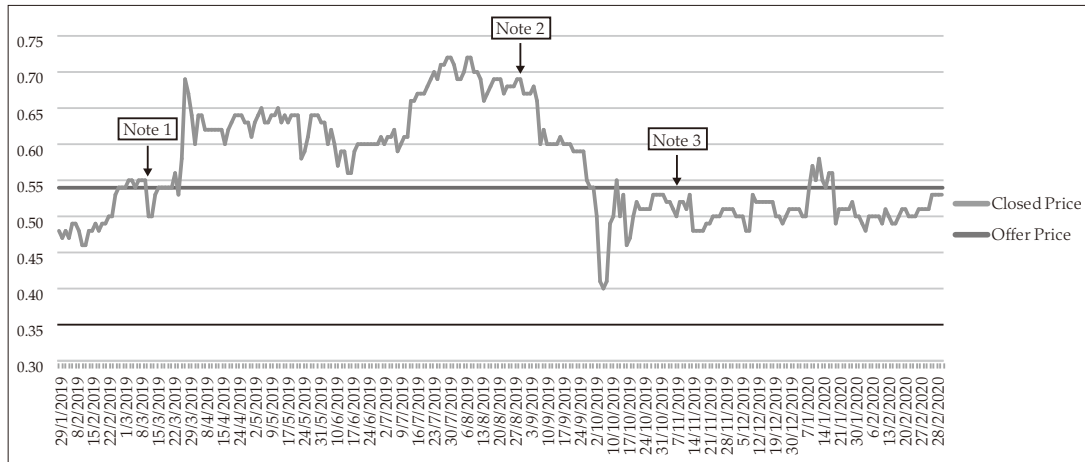
The Offer Price of HK\$0.54 represents:

- (i) a premium of 12.5% over the closing price of HK\$0.48 per Kingsley Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 8.43% over the average closing price of approximately HK\$0.498 per Kingsley Share for the 5 trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 7.57% over the average closing price of approximately HK\$0.502 per Kingsley Share for the 10 trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 4.25% over the average closing price of approximately HK\$0.518 per Kingsley Share for the 30 trading days up to and including the Last Trading Date; and
- (v) a premium of approximately 1.89% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of approximately 198.34% to the audited consolidated net asset value per Kingsley Share of approximately RM0.095 (equivalent to approximately HK\$0.181) as at 30 June 2019; and
- (vii) a premium of approximately 4.15% over the Adjusted NAV per Kingsley Share of HK\$0.5185, calculated based on 800,000,000 Kingsley Shares in issue as at the Latest Practicable Date.

(b) Historical Share price performance

The chart below depicts the closing prices of the Shares traded on the Stock Exchange (i) from 29 January 2019 up to 29 January 2020, being the twelve-month period preceding the Last Trading Day (the “**Pre Joint Announcement Period**”), and (ii) from 29 January 2020, being the date of the Joint Announcement up, to the Latest Practicable Date (the “**Post Joint Announcement Period**”), together with the Pre Joint Announcement Period, collectively known as the “**Review Period**”). We consider that the length of the Review Period to be sufficient and representative for analyzing the historical trend of the closing price of Kingsley Shares.

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Note 1: Kingsley issued a voluntary announcement on the memorandum of understanding in relations to a possible acquisition on 5 March 2019.

Note 2: Kingsley issued its annual results for the year ended 30 June 2019 on 21 August 2019.

Note 3: Kingsley issued its first quarterly results announcement for the three months ended 30 September 2019 on 4 November 2019.

(i) *Pre Joint Announcement Period*

From the commencement of the Pre Joint Announcement Period to 26 March 2019, the closing price of Kingsley Shares fluctuated between HK\$0.46 and HK\$0.58. It surged to HK\$0.69 on 27 March 2019 and maintained in a range of HK\$0.56 and HK\$0.72 till 20 September 2019. The closing prices maintained at a relatively high level which was possibly attributable to (i) voluntary announcement (“**MOU Announcement**”) on the memorandum of understanding in relations to a possible acquisition on 5 March 2019 and (ii) the increase in profit attributable to the Shareholders from approximately RM1.5 million to RM2.3 million in FY2019 based on the annual results announcement dated 21 August 2019 (“**Annual Result Announcement 2019**”).

On 30 September 2019, the closing price of Kingsley Share dropped to HK\$0.40 and fluctuated from HK\$0.40 to HK\$0.57 at a relatively low level thereafter. It could be attributable to the fact that the possible acquisition contemplated in the MOU Announcement above did not proceed within the exclusive period.

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During the Pre Joint Announcement Period, the closing prices of Kingsley Shares were traded in the range of HK\$0.40 to HK\$0.72 with average closing price of approximately HK\$0.57. The Offer Price of HK\$0.54 represents a premium of approximately 35.0% to the lowest closing price of HK\$0.40, a discount of approximately 25.0% to the highest closing price of HK\$0.72 and a discount of approximately 5.3% to the average closing price of HK\$0.57 during the Pre Joint Announcement Period.

Furthermore, the Offer Price is above the closing prices of Kingsley Shares for 136 days out of 245 trading days (representing approximately 55.5% of the total number of trading days) during the Pre Joint Announcement Period.

(ii) Post Joint Announcement Period

During the Post Joint Announcement Period, the closing prices of the Kingsley Shares were traded in the range of HK\$0.49 to HK\$0.53 with average closing price of approximately HK\$0.50. The Offer Price of HK\$0.54 represents a premium of approximately 10.2% to the lowest closing price of HK\$0.49, a premium of approximately 1.9% to the highest closing price of HK\$0.53 and a premium of approximately 5.9% to the average closing price of HK\$0.51 during the Review Period. The Offer Price is above the closing prices of the Kingsley Shares for all the trading days during the Post Joint Announcement Period.

Furthermore, the Offer Price is above the closing prices of Kingsley Shares for 16 days out of 16 trading days (representing all of the trading days) during the Post Joint Announcement Period.

Our view

Based on the aforesaid analysis, the closing price of the Kingsley Shares was trading above the Offer Price for approximately 50.9% of the time, (i.e. 136 days out of 267 trading days) during the review period. The relatively high closing price of Kingsley Shares during the Pre Joint Announcement period is mainly, as aforesaid, due the (i) MOU Announcement and (ii) Annual Result Announcement 2019 which happened a while ago. As such, we consider that in the absence of any significant positive events and the Offer, there is no assurance that the trading price of Kingsley Shares will sustain at a level higher than the Offer Price during and after the Offer Period.

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(c) *Historical trading liquidity of the Shares*

Set out below in the table are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares during the Review Period:

Month	Number of trading days in each month <i>(Note 1)</i>	Total trading volume in each month <i>(Note 1)</i>	Average daily trading volume of Kingsley Shares	Total number of issued Kingsley Shares as at the end of each respective month <i>(Note 1)</i>	Percentage of the average daily trading volume to total number of issued Kingsley Shares as at the end of each respective month <i>(Note 2)</i> <i>(Approx. %)</i>
2019					
29 Jan – 31 Jan	3	18,300,000	6,100,000	800,000,000	0.76
Feb	17	32,520,000	1,912,941	800,000,000	0.24
Mar	21	141,675,000	6,746,429	800,000,000	0.84
Apr	19	73,880,000	3,888,421	800,000,000	0.49
May	21	112,975,000	5,379,762	800,000,000	0.67
Jun	19	48,850,000	2,571,053	800,000,000	0.32
Jul	22	83,855,000	3,811,591	800,000,000	0.48
Aug	22	53,030,000	2,410,455	800,000,000	0.30
Sep	21	34,610,000	1,648,095	800,000,000	0.21
Oct	21	33,135,000	1,577,857	800,000,000	0.20
Nov	21	72,570,000	3,455,714	800,000,000	0.43
Dec	20	34,860,000	1,743,000	800,000,000	0.22
2020					
Jan	20	51,955,000	2,597,750	800,000,000	0.32
Feb (up to and including the Latest Practicable Date	20	26,235,000	1,311,750	800,000,000	0.16

Note 1: source from the website of the Stock Exchange (www.hkex.com.hk)

Note 2: The calculation is based on the average daily trading volumes of the Kingsley Shares divided by the total issued share of Kingsley at the end of each month (for January 2019 to January 2020) and (ii) the total issued share of the Company at the Latest Practicable Date (for February 2020).

During the Review Period, the average daily trading volume of Kingsley Shares ranged from approximately 1,578,000 Kingsley Shares in November 2019 to approximately 6,746,000 Kingsley Shares in March 2019,

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representing approximately 0.20% and 0.84% of the total issued Kingsley Shares as at the end of the relevant month. The average daily trading volume of the Kingsley Shares during the Review Period was generally thin.

Given the thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Kingsley Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. For illustrative purpose, if all the Kingsley Shareholders (other than the Covenanted Kingsley Shareholders), who are holding 200,000,000 Kingsley Shares (representing 25% of the issued Kingsley Shares), are to dispose all his or her Kingsley Shares in the open market, it would take 76 days for the market to digest based on the average daily trading volume of Kingsley Shares of 2,597,750 Kingsley Shares in January 2020. We, therefore, consider that the Offer provides the Independent Kingsley Shareholders with an assured exit if they wish to realise their investments in the Shares.

(d) Comparison with comparable companies

Kingsley Group is principally engaged in the provision of education services. In assessing the fairness and reasonableness of the Offer Price, we have adopted the price-to-earnings approach which has been considered as a suitable approach for analysing companies that have a track record of generating profits. Given that the Kingsley Group was profitable in each of FY2018 and FY2019, we consider that the price-to-earnings ratio is a suitable method to evaluate the fairness of the Offer Price. Apart from the price-to-earnings ratio, we have also considered the price-to-book approach in assessing the fairness and reasonableness of the Offer Price in relation to the Adjusted NAV of the Kingsley Group, which amounted to approximately HK\$414.8 million as at 30 June 2019.

We have conducted research on comparable companies which (i) are listed on the Stock Exchange; (ii) are principally engaged in the provision of education services (which at least 90% of the total revenue is attributable to such business based on the latest published results announcement); and (iii) profit making. When determining the above, we have taken into account the principal business of the Kingsley Group and the Kingsley Group's revenue contribution from education businesses that accounted for more than 90% of the Kingsley Group's revenue for each of FY2018 and FY2019. Based on the relevant criteria above, we have identified 9 comparable companies (the "**Comparables**") with details set out below. We consider that the Comparables represent the exhaustive list of comparable companies under the relevant criteria above.

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Company name	Stock code	Principal business	Market	Net profit	Net assets	P/E Ratio	P/B Ratio
			capitalization as the Latest Practicable Date	attributable to Owners of the company	attributable to Owners of the company		
			HK\$'000 (Note 1)	HK\$'000 (Note 2, 8)	HK\$'000 (Note 2, 8)	(approx. times) (Note 3)	(approx. times) (Note 4)
1 Hong Kong Education (Int'l) Investments Ltd	1082	Provision of private educational services; investments in securities; and money lending	432,581	N/A (Note 5)	HK\$218,157	N/A (Note 5)	1.98
2 Wisdom Education International Holdings Company Limited	6068	Provision of private education for primary, middle and high schools in the PRC	6,080,047	RMB359,462 (equivalent to approximately HK\$402,597)	RMB2,246,815 (equivalent to approximately HK\$2,516,433)	15.10	2.42
3 China New Higher Education Group Limited	2001	Provision of private education services in the PRC	4,083,915	RMB242,530 (equivalent to approximately HK\$271,634)	RMB2,812,398 (equivalent to approximately HK\$3,149,886)	15.03	1.30
4 China YuHua Education Corporation Limited	6169	Provision of formal education service from kindergarten to university in the PRC	19,926,250	RMB530,812 (equivalent to approximately HK\$594,509)	RMB3,956,058 (equivalent to approximately HK\$4,430,785)	33.52	4.50
5 Virscend Education Company Limited	1565	Provision of private education services in the PRC	5,189,118	RMB356,371 (equivalent to approximately HK\$399,136)	RMB2,693,781 (equivalent to approximately HK\$3,017,035)	13.00	1.72
6 China Xinhua Education Group Limited	2779	Provision of formal higher and secondary vocational education services in the PRC	3,554,968	RMB256,010 (equivalent to approximately HK\$286,731)	RMB2,463,286 (equivalent to approximately HK\$2,758,880)	12.40	1.29

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Principal business	Market capitalization as the Latest Practicable Date	Net profit attributable to Owners of the company	Net assets attributable to Owners of the company	P/E Ratio	P/B Ratio
			HK\$'000 (Note 1)	HK\$'000 (Note 2, 8)	HK\$'000 (Note 2, 8)	(approx. times) (Note 3)	(approx. times) (Note 4)
7 Hope Education Group Co., Ltd	1765	Provision of higher education services in the PRC	11,466,669	RMB167,916 (equivalent to approximately HK\$188,066)	RMB4,314,191 (equivalent to approximately HK\$4,831,894)	60.97	2.37
8 Tianli Education International Holdings Limited	1773	Provision of education and related management services in the PRC	8,424,500	RMB194,733 (equivalent to approximately HK\$218,101)	RMB2,356,719 (equivalent to approximately HK\$2,639,525)	38.63	3.19
9 China 21st Century Education Group Limited	1598	Provision of education and related management services in the PRC	915,406	RMB69,420 (equivalent to approximately HK\$77,750)	RMB637,292 (equivalent to approximately HK\$713,767)	11.77	1.28
10 China Education Group Holdings Limited	839	Provision of education services in the PRC	22,383,838	RMB592,617 (equivalent to approximately HK\$663,731)	RMB7,008,237 (equivalent to approximately HK\$7,849,225)	33.72	2.85
Average						23.41	2.29
Maximum						60.97	4.50
Minimum						11.77	1.28

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Hypothetical Offer Value	Net profit attributable to Kingsley Shareholders in FY2019	Adjusted NAV	Implied P/E Ratio of the Offer <i>(approx. times)</i>	Implied P/B Ratio of the Offer <i>(approx. times)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
The Offer	432,000 <i>(Note 6)</i>	4,278	262,100	101.0 <i>(Note 6)</i>	1.65 <i>(Note 7)</i>

Note 1: Date regarding the market capitalization are sourced from the website of the Stock Exchange (www.hkex.com.hk) as at 28 February 2020, being the Latest Practicable Date.

Note 2: The respective net profit attributable to owners of the company and the net assets attributable to owners of the company of the Comparables are based on their latest published results announcements.

Note 3: The price-to-earnings ratios of the Comparables are calculated by dividing their market capitalizations as at the Latest Practicable Date by their net profit attributable to owners of the company based on their latest published results announcements.

Note 4: The price-to-book ratios of the Comparables are calculated by dividing their market capitalizations as at the Latest Practicable Date by their net assets attributable to owners of the company based on their latest published results announcements.

Note 5: The relevant Comparables recorded a loss during the year ended 30 June 2019.

Note 6: The implied price-to-earnings ratio (the “**Implied P/E Ratio**”) of the Offer is calculated by dividing the hypothetical value of the offer of (the “**Hypothetical Offer Value**”) approximately HK\$432 million (being the hypothetical value of the offer for acquiring 100% of the total number of issued Kingsley Shares, based on the 800,000,000 Kingsley Shares in issue multiplied by the Offer Price of HK\$0.54) by the profit after tax of the Kingsley Group attributable to Kingsley Shareholders for the year ended 30 June 2019 of approximately RM2,252,000 (equivalent to approximately HK\$4,279,000).

Note 7: The implied price-to-book ratio (the “**Implied P/B Ratio**”) of the Offer is calculated by dividing the Hypothetical Offer Value of approximately HK\$432 million by the Adjusted NAV of the Kingsley Group as at 31 January 2020 of approximately HK\$262.1 million.

Note 8: For illustration purpose, an exchange rate of HK\$1.12 for every RMB is adopted.

With reference to the above table, we note that the price-to-earnings ratio of the Comparables range from approximately 11.77 times to 60.97 times, with an average of approximately 23.41 times.

With reference to the table above, the price-to-book ratio of the Comparables ranged from approximately 1.28 times to approximately 4.50 times, with an average of approximately 2.29 times.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the Implied P/E Ratio of the Offer of approximately 101.0 times is well above all the price-to-earning ratios of the Comparables and the Implied P/B Ratio of the Offer of approximately 1.65 times, despite being slightly below the average of approximately 2.29 times, is still within range of the Comparables, we consider that the value of the Offer is fair and reasonable so far as Kingsley and the Kingsley Shareholders are concerned.

8. Comparison with privatization precedents

We have compared the Offer with privatisation proposals of other companies listed on the Stock Exchange announced since 1 January 2018 and up to the Latest Practicable Date, excluding privatisation proposals which were not or yet to be approved (or, where applicable, required acceptance level were not or yet to be achieved) or without a cash cancellation consideration (the “**Privatisation Precedents**”), which represent an exhaustive list of privatisation proposals we were able to identify from the Stock Exchange’s website satisfying the above selection criteria. Although none of the Privatisation Precedents were engaging in business comparable with Kingsley, we are of the opinion that comparing each of their cancellation prices with their then closing days can provide a reference for the Independent Kingsley Shareholder in considering whether the Offer Price is fair and reasonable so far as Kingsley and the Independent Kingsley Shareholders are concerned in the market context.

The table below illustrates the premiums or discounts represented by the cancellation consideration over or to the respective last trading day, 5, 30, 60, 90 and 180 trading days (up to and including the last trading days) average share prices and latest NAV per share in respect of such privatisation proposals respectively. The Privatisation Precedents set out below provide, in our view, a comparison between the cancellation price and the then prevailing market prices and NAV per share of successful privatisation proposals, although the business nature and scale of each company vary and some aspects of pricing may be industry-specific.

Date of initial announcement	Company	Business	Market Capitalization (Note 1) HK\$'000	Premium to/ (discount of) NAV	Last trading day (Note 5) (%)	5	30	60	90	180 trading
				per share (Note 2&4) (%)		trading days (Note 4&5) (%)	trading days (Note 4&5) (%)	trading days (Note 4&5) (%)	trading days (Note 4&5) (%)	days (Note 4&5) (%)
20-Oct-19	Dah Chong Hong Holdings Limited (1828)	Principally engaged in the motor and consumer products distribution with an extensive logistics network in Asia.	6,997,615	(28.16)	37.55	37.55	54.81	56.12	54.17	41.22
12-Aug-19	TPV Technology Limited (903)	Principally engaged in the development, manufacture, sale and research of monitors, LCD TV, mobiles phones, tables, audio and video products and original design manufacturing services business.	9,054,155	(24.76)	41.39	46.77	54.40	74.66	87.38	128.27

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company	Business	Market Capitalization (Note 1) HK\$'000	Premium to/ (discount of) NAV	Last trading day (Note 5) (%)	5	30	60	90	180 trading days (Note 4&5) (%)
				per share (Note 2&4) (%)		trading days (Note 4&5) (%)	trading days (Note 4&5) (%)	trading days (Note 4&5) (%)		
27-Jun-19	Asia Satellite Telecommunications Holdings Ltd. (1135)	Principally engaged in the provision of the satellite transponder capacity.	3,998,018	10.01	23.43	31.53	44.35	50.52	56.61	70.90
14-Jun-19	China Automation Group Limited (569)	Principally engaged in the (i) provision of safety and critical control system and control valves specialized for petrochemical industries, along with related maintenance and engineering services; and (ii) hospital business in Suzhou, the PRC.	1,539,396	16.01	23.97	27.12	47.06	47.06	47.06	42.86
4-Apr-19	China Hengshi Foundation Company Ltd. (1197)	Principally engaged in the design, manufacture and sales of fiberglass fabrics	2,500,000	42.05	10.62	14.68	17.37	19.05	24.38	27.55
28-Mar-19	China Power Clean Energy Foundation Company (735)	Principally engaged in the business of the development, construction, ownership, operation and management of clean energy power plants in the PRC.	6,467,152	(35.08)	41.93	54.83	78.10	93.95	101.85	88.58
5-Dec-18	Hopewell Holdings Limited (54)	Principally engaged property development, property investment, investments in power plants, hotel ownership and management, restaurant operations and food catering.	33,702,480	(35.56)	46.69	48.83	55.51	54.09	49.63	43.65
30-Oct-18	Advanced Semiconductor Manufacturing Corporation Limited (3355)	principally engaged in the manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers mainly for the application in communication, computer and consumer products	1,697,000	89.87	66.67	85.19	100.00	92.31	89.87	85.19
27-Sep-18	Sinotrans Shipping Ltd (368)	Principally engaged in dry bulk and container shipping and liquefied natural gas shipping.	10,778,670	(25.21)	50.00	55.17	42.86	37.76	32.35	27.96
10-Jun-18	Hong Kong Aircraft Engineering Company (44)	Principally engaged in the provision of aircraft engineering services.	11,975,389	99.25	63.20	63.24	62.43	60.25	56.96	49.98

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company	Business	Market Capitalization (Note 1) HK\$'000	Premium to/ (discount of) NAV per share	Last trading day (Note 5) (%)	5	30	60	90	180 trading days (Note 4&5) (%)
				(Note 2&4) (%)		trading days (Note 4&5) (%)	trading days (Note 4&5) (%)	trading days (Note 4&5) (%)		
7-Jun-18	Portico International Holdings Ltd. (589)	Principally engaged in the wholesale and retail distribution of ladies' and men's fashion apparel and accessories such as shoes, handbags, eyewear, scarves and fragrances in the PRC.	2,273,259	(9.89)	50.18	51.85	49.09	45.39	45.91	49.64
	Maximum			99.25	66.67	85.19	100.00	93.95	101.85	128.27
	Minimum			(35.56)	10.62	14.68	17.37	19.05	24.38	27.55
	Average			12.48	40.99	47.43	55.64	57.24	59.42	62.43
29-Jan-20	Kingsley Edu Group Limited (8105)	Principally engaged in the provision of education services	432,000 (Note 6)	198.34	8.00	10.20	3.85	5.88	5.88	(7.41)
				4.15 (Note 3)						

Note 1: The market capitalization is based on the cancellation price multiplied by the total issued share.

Note 2: It represents the premium/(discount) of offer or cancellation price over or to the NAV per share quoted from the respective privatization documents without taking into account any adjustments arising from, amongst others, revaluation of properties set out therein.

Note 3: Calculated based on the Adjusted NAV per Share of HK\$0.5185.

Note 4: Up to and including the last trading day of the shares

Note 5: Subject to rounding differences

Note 6: The market capitalization of Kingsley is based on the Offer Price multiplied by the total issued share.

It is noted that the premiums/(discount) of the Offer Price over the last trading day, 5, 30, 60, 90 and 180 trading day (up to and including the last trading day) average Share price are 8.00% (within the range of the Privatisation Precedents), 10.20% (within the range of the Privatisation Precedents), 3.85% (out of the range of the Privatisation Precedents), 5.88% (out of the range of the Privatisation Precedents), 5.88% (out of the range of the Privatisation Precedents) and (7.41)% (out of the range of the Privatisation Precedents) respectively.

We consider the premiums/(discount) of the Offer Price over the average price when longer past trading day are taken into account is because Kingsley Shares were trading in a relatively high level from 27 March 2019 and 20 September 2019 as set out in the section headed "7. Evaluation of the Share Offer Price — (b) Historical Share Price Performance — (i) Pre Joint Announcement Period". Such relatively high closing prices were not sustainable and the closing prices were thereafter traded in a relatively lower level and hence the premiums of the Offer Price over the average price are within the range of the Privatisation Precedents

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

when the further trading days are no longer taken into account. As for the premium over the net asset value of Kingsley was 198.34% which is over the average premium of 12.48% of the Privatisation Precedents and the premium over the adjusted net value of Kingsley was 4.15%, despite being below the average premium of 12.48%, is still within range of the Privatisation Precedents. Accordingly, we consider that the Offer Price is fair and reasonable so far as Kingsley and the Kingsley Shareholders are concerned.

RECOMMENDATION

Based on the above principal factors and reasons, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the uncertainties of the actual impact on Kingsley's business under the widespread outbreak of coronavirus starting from January 2020;
- (ii) the Offer Price of HK\$0.54 is higher than the average closing prices of the Kingsley Shares as quoted on the Stock Exchange during the Review Period;
- (iii) the Implied P/E Ratio of approximately 101.0 times is well above the all the price-to-earnings ratios of the Comparables ranging from approximately 11.77 times to 60.97 times, respectively;
- (iv) the Implied P/B Ratio of approximately 1.65 times, despite being slightly lower than the average of approximately 2.29 times, is within range of the price-to-book ratios of the Comparables;
- (v) Though the premiums/(discount) of the Offer Price over the last trading day average share price are out of the range of the Private Precedents when longer past trading day are taken into account because Kingsley Shares were trading in a relatively high but unsustainable level from 27 March 2019 and 20 September 2019, the premiums of the Offer Price over the last trading day average price falls within the range of the Privatisation Precedents when the trading days in the aforesaid earlier period are no longer taken into account. In addition, the premium over the net asset value of Kingsley was 198.34% which is over the average premium of 12.48% of the Privatisation Precedents and the premium over the adjusted net value of Kingsley was 4.15%, despite being below the average premium of 12.48%, is still within range of the Privatisation Precedents;
- (vi) trading volume of the Kingsley Shares was generally thin during the Review Period and the Offer provides an opportunity for the Independent Kingsley Shareholders to realise their investment at the Offer Price without exerting a downward impact on the Kingsley Share price;

we are of the view that the terms of the Offer, are fair and reasonable so far as the Independent Kingsley Shareholders are concerned. Accordingly, we advise the Kingsley Independent Board Committee to recommend to the Independent Kingsley Shareholders to accept the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nevertheless, Independent Kingsley Shareholders who wish to realise all or part of their investment in the Kingsley Shares should monitor the Kingsley Share price performance during the Offer Period. In the event that the market price of the Kingsley Share exceeds the Offer Price and the net proceeds from the sale of Kingsley Shares in the open market after deducting all related costs exceed the amount receivable from the Offer, Independent Kingsley Shareholders should consider selling their Kingsley Shares in the open market rather than accepting the Offer. In any event, Independent Kingsley Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Kingsley Shares will be sustainable during and after the period for the acceptance of the Offer.

As at the Latest Practicable Date, the Offeror has acquired not less than 90% of the Offer Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of the Disinterested Kingsley Shares (being issued Kingsley Shares other than those being held by the Offeror or the Offeror Concert Parties). The Offeror intends to privatise Kingsley by exercising the compulsory acquisition rights to which it is entitled, subject to compliance with Rule 2.11 of the Takeovers Code and the Companies Law, to acquire the Remaining Shares at the Offer Price, and following which the listing of Kingsley on GEM shall be withdrawn pursuant to Rule 9.23 of the GEM Listing Rules. In other words, the Independent Kingsley Shareholders who do not accept the Offer may end up be forced to sell his or her Kingsley Shares to the Offeror provided that the Offer is entitled to acquire the Remaining Shares as aforesaid. Kingsley will comply with the relevant requirements in the GEM Listing Rules in this regard.

Also, it is currently expected that the shares of Kingsley will be suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. The Kingsley Shareholders who do not accept the Offer before the closing date, which is currently expected to be on 18 March 2020 would not be able to trade the Kingsley Shares on the Stock Exchange if the trading is suspended.

The Independent Kingsley Shareholders should carefully read the procedures for accepting the Offer as detailed in the Offer Document, the Response Document and the Forms of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Euto Capital Partners Limited
Manfred Shiu
Director

Mr. Manfred Shiu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2009 and has participated in and completed various independent financial advisory transactions in Hong Kong.

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the financial years ended 30 June 2016, 2017 and 2018, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 31 December 2018 and 2019 as extracted from the published interim report of the Company dated 13 February 2020.

	For the six months ended 31 December		For the year ended 30 June		
	2019 RM\$'000 (unaudited)	2018 RM\$'000 (unaudited)	2018 RM\$'000 (audited)	2017 RM\$'000 (audited)	2016 RM\$'000 (audited)
Revenue	14,109	10,356	30,007	29,795	18,883
Cost of sales	(8,794)	(7,364)	(14,493)	(12,337)	(9,267)
Gross profit	5,315	2,992	15,514	17,458	9,616
Other revenue and gains	448	3,301	6,284	5,996	5,422
Selling and distribution expenses	(140)	(367)	(350)	(275)	(145)
Administrative expenses	(8,168)	(6,649)	(16,805)	(7,181)	(7,060)
Operating (loss)/profit	(2,545)	(723)	4,643	15,998	7,833
Finance costs	(2,557)	(1,821)	(3,355)	(4,636)	(4,592)
(Loss)/Profit before income tax	(5,102)	(2,544)	1,288	11,362	3,241
Income tax expense	(13)	–	(108)	(70)	16
Profit and total comprehensive income for the period/year attributable to owners of the Company	(5,115)	(2,544)	1,180	11,292	3,257
Attributable to:					
Owners of the Company	(4,870)	(2,395)	1,510	11,022	3,206
Non-controlling interests	(245)	(149)	(330)	270	(9)
	<u>(5,115)</u>	<u>(2,544)</u>	<u>1,180</u>	<u>11,292</u>	<u>3,197</u>

Company was incorporated in the Cayman Islands with limited liability on 12 January 2017 and its issued shares have been listed on GEM of the Stock Exchange of Hong Kong Limited since 16 May 2018 (“Listing”). No dividend has been paid or declared by the Company since its date of incorporation. The Company completed the corporate reorganisation on 30 August 2017 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group.

The basic and diluted earnings per share was approximately RM0.24 and RM1.84 for the years ended 30 June 2018 and 2017 respectively. The basic and diluted earnings per share for the year ended 30 June 2016 is not presented as such information is not available in the Group's annual report.

According to interim results announcement for the six months ended 31 December 2019, the basic and diluted loss per share was approximately RM0.61 and RM0.32 for the six months ended 31 December 2019 and 2018 respectively.

The reporting accountant and auditor of the Company did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group the years ended 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019 respectively.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer in this Response Document the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in (i) the unaudited consolidated financial statements of the Group for the six months ended 31 December 2019 (the "**2020 Interim Financial Statements**") and (ii) the audited consolidated financial statements of the Group for the year ended 30 June 2019 (the "**2019 Financial Statements**") and 30 June 2018 (the "**2018 Financial Statements**"), together with the relevant notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Interim Financial Statements are set out in the interim report of the Company for the six months ended 31 December 2019 which was published on 13 February 2020. The 2020 Interim Report was posted on the websites of GEM (www.hkgem.com) and the Company (www.kingsley.edu.my), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0213/2020021300503.pdf>

The 2019 Financial Statements are set out in the annual report of the Company for the year ended 30 June 2019 which was published on 30 September 2019. The 2019 Annual Report was posted on the websites of GEM (www.hkgem.com) and the Company (www.kingsley.edu.my), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0930/2019093000399.pdf>

The 2018 Financial Statements are set out in the annual report of the Company for the year ended 30 June 2018 which was published on 28 September 2018. The 2018 Annual Report was posted on the websites of GEM (www.hkgem.com) and the Company (www.kingsley.edu.my), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0928/gln20180928045.pdf>

The 2017 Financial Statements are set out in the Appendices I in the Prospectus of Kingsley which was published on 30 April 2018. The Prospectus was posted on the websites of GEM (www.hkgem.com) and the Company (www.kingsley.edu.my), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0430/gln20180430013.pdf>

The 2017 Financial Statements, the 2018 Financial Statements, 2019 Financial Statements and 2020 Interim Financial Statements (but not any other parts of Kingsley's prospectus, the 2018 Annual Report, 2019 Annual Report and 2020 Interim Report, in which they respectively appear) are incorporated by reference into this Response Document and form part of this Response Document.

3. INDEBTEDNESS

At the close of business on 31 January 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, based on such information made available to Kingsley, Kingsley Group had outstanding indebtedness comprising secured bank borrowings of approximately RM61.2 million, obligation under finance leases of approximately RM0.3 million, amount owing to a non-controlling shareholder¹ of a subsidiary of Kingsley of approximately RM0.2 million and a net amount owing to a related party² of approximately RM13.6 million which were secured by:

- (i) an open charge on a piece of land with title number PT36307 belonging to Kingsley International, a wholly owned subsidiary of Kingsley;
- (ii) a debenture incorporating fixed and floating charge over all the Kingsley International's assets and undertakings, both present and future; and
- (iii) a pledge of bank deposit of RM3.4 million by a Director³.

Save as aforesaid, the Group did not have any other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities at the close of business on 31 January 2020.

Notes:

1. The non-controlling shareholder represents Tan Sri Dato' Dr Yeoh Oon Kheng who has provided interest-free and unsecured aforesaid financial assistance to a subsidiary of Kingsley.
2. The related party represents Kingsley Hills Sdn. Bhd., incorporated in Malaysia as a company with limited liability. Tan Sri Dato' Sri Goh Ming Choon, an executive Director, has control over the related party.
3. The Director represents Tan Sri Dato' Sri Goh Ming Choon who has provided interest-free and unsecured aforesaid financial assistance to Kingsley.

4. MATERIAL CHANGE

The Directors confirm that, save for as disclosed in the profit warning announcement dated 15 January 2020 and the interim report for the six months ended 31 December 2019, according to which the 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 representing approximately 100% increase in loss, there has been no material change in the financial or trading position or outlook of the Group subsequent to 30 June 2019, being the date to which the latest audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with their valuation as at 30 January 2020 of the Property Interest held by the Kingsley Edugroup Limited.



Knight Frank Petty Limited
4/F, Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

4 March 2020

The Board of Directors

Dear Sirs

Valuation in Respect of an international school identified as Kingsley International School annexed with Two Blocks of Thirteen-Storey Student Accommodation with Shared Common Facilities Erected Together with Three Levels of Shops and Multi-Storey Car Park identified as Annexed Building on Lot No(s). PT 36307 and PT 36308 respectively held under Title No(s). HSD 279713 and HSD 279714 respectively, both within Mukim Damansara, District of Petaling, Selangor Darul Ehsan, Malaysia (the "Property Interest")

In accordance with the instructions from Kingsley Edugroup Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") to value the Property Interest, we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interest in its existing state as at 30 January 2020 (the "**Valuation Date**") for public disclosure purposes. Our valuation is undertaken by the qualified valuer with relevant experiences as an independent valuer and is prepared in unbiased and professional manner.

Basis of Valuation

In arriving at our opinion of market value, we followed "The HKIS Valuation Standards 2017" issued by The Hong Kong Institute of Surveyors ("**HKIS**") and "The RICS Valuation – Global Standards 2020" issued by The Royal Institution of Chartered Surveyors ("**RICS**"). Under the said standards, market value is defined as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market value is understood as the value of an asset or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in "The HKIS Valuation Standards 2017" issued by HKIS, "The RICS Valuation – Global Standards 2020" issued by RICS and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the Property Interest, we have complied with the requirements set out in Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code") published by Securities and Futures Commission. Details of the property-related potential tax liability to the Companies in relation to each property interests are set in the notes of each valuation report.

Our valuation is based on 100% of the interest in perpetuity of the Property Interest.

Valuation Methodology

In forming our opinion of market value of the Property Interest, we have adopted Market Approach by making reference to sales evidences available in the market. Appropriate adjustments have been made for any differences in the characteristics between the Property Interest and the comparable properties.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions:

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Property by obtaining land search records from the Land Registry, if not available, with reference to the title documents or other documents of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interest is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoing.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interest nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, floor plans, floor areas, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interest, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interest or contained on the register of title. We assume that this information is complete and correct.

Inspection

The internal and external inspection of the Property Interest was undertaken on 30 January 2020 by a qualified valuer, Mr. Sasitheran A/L Subramaniam Registered Valuer V-1168, Mr. Joel Teh, Mr. Lewis Lim and Ms. Sheryne Wong.

Identity of the Property Interest to be Valued

We have exercised reasonable care and skill to ensure that the Property Interest is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property interest to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interest on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Site Boundary

We were not able to delineate the exact boundary of the Property Interest nor were we able to carry out detailed site measurements to verify the correctness of the site area of the Property Interest. Nevertheless, we have based on the site area of the Property Interest as obtained from the Government records in preparing our valuation.

Areas

In our valuations, we have relied upon areas provided to us. We have also assumed that the site areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only.

Structural and Services Condition

We have not undertaken any structural surveys, tested the services or arranged for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interest. Our valuation has therefore been undertaken on the basis that the services, including but not limited to the drain, waterway or watercourse, water main, sewer, cable, wire and pipe and other utility services, etc to the Property Interest was approved and connected and the services functioned satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interest are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interest is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interest was constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interest upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Limiting on Liability

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third part for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property.

Currency

Unless otherwise stated, all money amounts stated in our valuation is in Malaysian Ringgit (“MYR”) and the exchange rate is HK\$1=0.5264 MYR published by the Bank Negara Malaysia on 30th January 2020.

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.76391 sq ft

We enclose herewith our valuation report.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Cyrus Fong

MRICS MHKIS RPS(GP) RICS Registered Valuer
Director, Valuation & Advisory

Thomas Lam

FRICS FHKIS RPS(GP) RICS Registered Valuer
Executive Director,
Head of Valuation & Advisory

Notes: Thomas Lam is a qualified valuer and a fellow member of both Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors who has about 20 years of extensive experiences in valuation and advisory in the People’s Republic of China, Hong Kong and Asia Pacific region.

Cyrus Fong is a qualified valuer and a professional member of both Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors who has about 13 years of extensive experiences in valuation and advisory in the People’s Republic of China, Hong Kong and Asia Pacific region.

VALUATION

Property Interest held by the Group for owner-occupation

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 January 2020
Kingsley International School annexed with two blocks of thirteen- storey student accommodation with shared common facilities erected together with three levels of shops and multi-storey car park identified as Annexed Building (the "Property")	The Property is located along the hills of Kingsley Hills within the enclave Putra Heights overlooking the residential developments of The Glades, Kingsley Hills and other established housing developments within Putra Heights.	As advised by the Group, the Property is currently occupied and operated by Kingsley International Sdn Bhd.	HK\$456,000,000 (Hong Kong Dollars Four Hundred and Fifty Six Million)
Persiaran Kingsley, Kingsley Hills, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	The Property is erected over two adjacent commercial sites with a total site area of 261,541 sq ft (24,298 sq m). The Property comprises a seven-storey school block together with three-storey car park podium, an auditorium and other supporting academic facilities annexed with two thirteen-storeys student accommodation blocks, a three-storey retail podium and a multi-storey car park podium including other supporting amenities. The Properties were completed in 2015 for the school and 2018 for the Annexed Building.	The international school together with the student accommodation has a total gross floor area of approximately 1,183,269 sq ft (109,929.30 sq m) inclusive of the car park and sports facilities.	
	Lot Nos. PT 36307 and PT 36308 are held under Title Nos. HSD 279713 and HSD 279714 with perpetuity interest.		

Notes:

- (1) The valuation is prepared by Knight Frank valuation team in Malaysia. This valuation is handled by a local qualified valuer with Sasitheran A/L Subramaniam Registration No V01168 & E2748 registered in Board of Valuers, Appraisers and Estate Agents Malaysia. The valuer has over 16 years of relevant experience in property valuation and consultancy in Malaysia.
- (2) Pursuant to the record obtained from the Land Registry, as at the Valuation Date, the registered owner of the Property Interest for the respective sites are as follows:

Subject Property	Lot No.	Registered Proprietor
School	PT 36307	Kingsley International Sdn Bhd
Annexed Building	PT 36308	Kingsley Hills Sdn Bhd

According to the information given by the Company, Kingsley International Sdn Bhd (“KIS”) is an indirectly wholly-owned subsidiary of the Company.

Kingsley Hills Sdn Bhd was indirectly wholly-owned by Tan Sri Barry Goh, the chairman of the Company who indirectly held 62% issued share capital of the Company. As disclosed in the section headed “Acquisition of KIS Annex Land and Covenanting Kingsley Shareholders Escrow Arrangement” in the Response Document, the legal title to the KIS Annex Land is expected to be transferred to Kingsley within 3 months after the Offer becomes unconditional.

- (3) Pursuant to the Sale and Purchase Agreement (“SPA”) dated 18th April 2018 between Kingsley Hills Sdn Bhd and Kingsley International Sdn Bhd (“KIS”), we note that the Annexed Building’s Land identified as Lot No. PT 36308 will be transferred to KIS at a nominal consideration of RM10.00 on 31st December 2018 or any other date as agreed between parties. However, a supplementary agreement dated 7th January 2019 between Kingsley Hills Sdn Bhd and KIS revealed to extend the Completion date to “on or before 31st December 2020”.
- (4) Pursuant to the usage of the Annexed Building land, no rental has been paid by KIS to Kingsley Hills Sdn Bhd as mutually agreed by both parties as confirmed by the Company. A further a legal opinion letter provided by Mah-Kamariyah & Philip Koh dated 24th December 2019 denotes that KIS is the beneficial owner of the Annexed Building land however, will be subjected to pending completion of the SPA and the settlement of the Purchase Consideration by KIS in full by the completion date thus, they do not anticipate any legal impediment to the completion of the SPA and the presentation and the registration of the Memorandum of Transfer of the aforesaid land.

As per the said due diligence report (or legal opinion), the titles of the Property Interest is in order. The Company is entitled to occupy, use, lease and/or mortgage the Property Interest.

- (5) The Property is situated within an area zoned for Commercial uses under the local authority planning guidelines of Subang Jaya Municipal Council.
- (6) The Certificate of Compliances (CCC) has been issued by Lembaga Arkitek Malaysia bearing reference number LAM/S/No. 15019 dated 7th September 2015 for the international school and LAM/S/No. 26510 dated 1st December 2018 for the Annexed building.
- (7) Public utilities and services such as mains water, public sewerage, electricity supply and telephone lines are connected to the subject property. Other essential public services for the area such as collection of refuse, repair and maintenance of roads and roadside drains and street lighting are provided by Subang Jaya Municipal Council (MPSJ).

- (8) Private title searches were made at the Pejabat Tanah & Daerah Shah Alam, Selangor Darul Ehsan on 5th February 2020. The following table outlines the title particulars of the Property:

Summary of Title Particulars

Lot No.	Title No.	Land Area (sq.m)	Quit Rent (Land tax) (per annum)	Registered Proprietor
PT 36307	HSD 279713	16,187	RM34,463.00	Kingsley International Sdn Bhd
PT 36308	HSD 279714	8,111	RM17,269.00	Kingsley Hills Sdn Bhd

The following title particulars are common to the above titles unless otherwise stated:

Mukim/District/State	:	Mukim Damansara, District of Petaling, State of Selangor.
Tenure	:	Interest in perpetuity.
Category of Land Use	:	Building. (" Bangunan ")
Express Condition	:	Commercial Building. (" Bangunan Perniagaan ")
Restriction-in-interest	:	Nil. (" Tiada ")
Encumbrances	:	<p>Lot No. PT 36307</p> <ul style="list-style-type: none"> Charged to CIMB Islamic Bank Berhad vide Presentation No. 87307/2018, registered on 2nd October 2018. <p>Lot No. PT 36308</p> <ul style="list-style-type: none"> Charged to Affin Islamic Bank Berhad vide Presentation No. 122184/2017, registered on 22nd December 2017.
Endorsements	:	<p>Lot No. PT 36307</p> <ul style="list-style-type: none"> Part of the land being leased to Tenaga Nasional Berhad measuring 92.53 sq.m for a period of 30 years commencing from 3rd June 2014 and expiring on the 2nd June 2044, vide Presentation No. 4564/2015, registered on 21st January 2015. A private caveat has been lodged by CIMB Islamic Bank Berhad vide Presentation No. 56345/2016, registered on 18th November 2016. <p>Lot No. PT 36308</p> <ul style="list-style-type: none"> Part of the land being leased to Tenaga Nasional Berhad measuring 62 sq.m for a period of 30 years commencing from 12th June 2019 and expiring on the 11th June 2049, vide Presentation No. 52933/2019, registered on 14th June 2019.

- (9) The property-related potential tax liability to the Company which might arise on any disposal of the Property as at the latest Valuation Date in Malaysia would be Real Property Gains Tax at 5% on the assessable profit from the sale of the Property. The Property is held for owner-occupation, therefore the likelihood of such tax liability being crystallised is slim. Such potential tax liability is excluded from our valuation.

(10) Under the Market Approach, the following comparable transactions were considered in our valuation:

Comparable	1	2	3
Address	Sunway University (Academic blocks and other facilities located within Sunway City), No. 5, Jalan Universiti, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan	KDU University College Utropolis, Glenmarie, Jalan Kontraktor U1/14, Section U1, 40150 Shah Alam, Selangor Darul Ehsan	Sekolah Sri KDU and Sri KDU International School, No. 3, 5 and 7, Jalan Teknologi 2/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan
Property Type	An institutional complex comprising academic blocks, hostel, car park podium and other supporting sports and academic facilities together with leased land	An institutional complex comprising academic blocks, hostel, car park podium and other supporting academic facilities	An institutional complex comprising academic buildings and other supporting academic facilities
Land Area (sq ft)	733,237	435,658	520,574
Floor Area (sq ft)	1,880,245	1,011,113	589,033
Tenure	Leasehold interest (remaining 77 years)	Interest in perpetuity	Leasehold interest (remaining 84 years)
Age of building	Approx. 5 years for New University Block and approximately 24 to 27 years for the other buildings and hostel	Approx. 6 years	Approx. 14 to 16 years for Primary and secondary school block and 7 years for International school block
Consideration	MYR550,000,000	MYR250,000,000	MYR165,000,000
Date of Transaction	24th December 2018	25th October 2018 and 6th December 2018	1st August 2017

These comparables were the relevant schools transactions recorded in the surrounding area of the Property. Comparables 1 to 3 are located within Klang Valley which is considered similar to the Property. Other factors such as location/establishment, size, building conditions/specification and land tenure were considered.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document the omission of which would make any statement in this Response Document misleading. As regards the information in this Response Document relating to the Offeror and parties acting in concert with it, the terms of the Offers and the intention of the Offeror regarding the Group that has been compiled or summarised from the Offer Document, the Directors' responsibility is limited to the correctness and fairness of the reproduction or presentation of such information but accept no further responsibility in respect of such information.

2. SHARE CAPITAL

(a) Share capital

As at the Latest Practicable Date, the authorised share capital and the issued share capital of the Company were as follows:

<i>Authorised Share Capital:</i>		<i>HK\$</i>
1,000,000,000	Ordinary Shares of HK\$0.01 each	10,000,000
<i>Issued and fully paid-up Share Capital:</i>		
800,000,000	Ordinary Shares of HK\$0.01 each	8,000,000

All the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital and dividends and voting.

Up to the Latest Practicable Date, no Share has been issued by the Company since 30 June 2019.

As at the Latest Practicable Date, the Company had no other outstanding shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	No. of Shares	Shareholding %
Star Shine (<i>Note 1</i>)	496,000,000	62.00
DGMK Investment (<i>Note 2</i>)	56,000,000	7.00
Eduking Investment (<i>Note 3</i>)	48,000,000	6.00
Other Kingsley Shareholders	200,000,000	25.00
The Offeror and the Offeror Concert Parties	0	0.00
Total	800,000,000	100.00

Notes:

1. As at the Latest Practicable Date, Tan Sri Barry Goh, being an executive Kingsley Director, holds the entire issued share capital of Star Shine which, in turn, holds 496,000,000 Kingsley Shares.
2. As at the Latest Practicable Date, Dato' Danny Goh, being an executive Kingsley Director, holds the entire issued share capital of DGMK Investment which, in return, holds 56,000,000 Kingsley Shares.
3. As at the Latest Practicable Date, Dato' Law Boon Hee holds the entire issued share capital of Eduking Investment which, in turn, holds 48,000,000 Kingsley Shares.

(b) Listing

The Shares are listed and traded on GEM of the Stock Exchange. No part of the Shares are listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS IN SHARES

- (a) As at the Latest Practicable Date, the Company did not have any interest in the shareholdings in the Offeror.
- (b) As at the Latest Practicable Date, none of the Directors had any interest in the shareholdings in the Offeror.

- (c) As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Chapter 5 of the GEM Listing Rules were as follows:

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

Notes:

- All interest stated are long positions.
- The calculation is based on the total number of 800,000,000 Shares in issue as at the Latest Practicable Date.
- 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, which in turn in beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 56,000,000 shares beneficially owned by DGMK Investment, 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.
- The entire issued share capital of Eduking Investment is owned by Dato' Law. Therefore, Dato' Law is deemed to be interested in 48,000,000 shares held by Eduking Investment by virtue of the disclosure requirements of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the Shares or underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Chapter 5 of the GEM Listing Rules, or are required to be disclosed in this Response Document pursuant to the requirement of the Takeovers Code.

- (d) As at the Latest Practicable Date,
- (i) no shareholdings in the Offeree was owned or controlled by a subsidiary of the Offeree, by a pension fund of the Offeree or of a subsidiary of the Offeree, or by a person who is presumed to be acting in concert with the Offeree by virtue of class (5) of the definition of acting in concert or who is an associate of the Offeree by virtue of class (2) of the definition of associate but excluding exempt principal traders and exempt fund managers;
 - (ii) no shareholdings in the offeree company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeree or with any person who is presumed to be acting in concert with the Offeree by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Offeree by virtue of classes (2), (3) and (4) of the definition of associate;
 - (iii) no shareholdings in the Offeree are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Offeree;
 - (iv) Star Shine and DGMK Investment which are respectively owned by Tran Sri Barry Goh and Dato' Danny Goh, all being executive Directors, have undertaken to accept the Offers in respect of their shareholdings in the Company pursuant to the terms and conditions of the Irrevocable Undertaking and have accepted the Offer on 25 February 2020; and
 - (v) there was no shareholdings in the Offeree which the Offeree or any directors of the Offeree has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

4. DEALINGS IN SHARES OF THE COMPANY

- (a) During the Relevant Period and up to the Latest Practicable Date,
 - (i) save for the entering into of the Irrevocable Undertakings by Star Shine, DGMK Investment which were respectively wholly owned by Tan Sri Barry Goh and Dato' Danny Goh, both being Kingsley Directors, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options, or derivatives in respect of any Shares or securities of the Company; and
 - (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;
- (b) no relevant securities (as defined in Note 4 to Rules 22 of the Takeovers Code) of the Company were owned or controlled or dealt with by a subsidiary of the Company or by a pension fund of members of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) during the Offer Period and up to the Latest Practicable Date;
- (c) save for the entering into of the Irrevocable Undertakings by Star Shine, DGMK Investment which were respectively wholly owned by Tan Sri Barry Goh and Dato' Danny Goh, both being Kingsley Directors, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to the Latest Practicable Date;
- (d) none of the Company nor any Director had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (e) none of the Directors beneficially owned any Shares and accordingly none of them is entitled to the Offer; and
- (f) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for

value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

5. OTHER DISCLOSURES

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensations) was or would be given to any Director as compensations for loss of office or otherwise in connection with the Offer;
- (b) save for the Irrevocable Undertaking, no agreement or arrangement existed between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offer; and
- (c) save for the Irrevocable Undertaking, no material contracts had been entered into by the Offeror in which any Director has a material personal interest.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) have been entered into or amended within the Relevant Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with term more than 12 months to run irrespective of the notice period.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed hereunder, the Company had not entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company) within the two years before the commencement of the Offer Period up to and including the Latest Practicable Date.

- 1. the supplemental letter dated 19 April 2018 entered into between Kingsley International and Kingsley Hills to amend and supplement certain terms of the letter of award dated 8 July 2011 issued by Kingsley International and the letter of acceptance dated 11 July 2011 signed by Kingsley Hills (previously known as One Beverly Hills Sdn. Bhd.) pursuant to which Kingsley International appointed Kingsley Hills as a turnkey developer for the

construction and development of Kingsley International School on a parcel of land held under H.S.(D) 279713, PT 36307 measuring approximately four acres in the Mukim of Damansara, District of Petaling, State of Selangor, Malaysia, and an annex building of Kingsley International School on the KIS Annex Land, including the payment schedule of the remaining sum of RM24,780,358.29 to be paid by Kingsley International;

2. the sale and purchase agreement dated 19 April 2018 entered into between Kingsley International and Kingsley Hills in respect of the acquisition of the KIS Annex Land by Kingsley International from Kingsley Hills;
3. the deed of indemnity dated 19 April 2018 given by Tan Sri Barry Goh, Dato' Danny Goh, Star Shine and DGMK Investment (collectively, the "**Controlling Shareholders**") in favour of Kingsley, the details of which are set out in the prospectus of Kingsley dated 30 April 2018;
4. the deed of non-competition dated 19 April 2018 given by each of the Controlling Shareholders in favour of the Company, the details of which are set out in the prospectus of Kingsley dated 30 April 2018;
5. the cornerstone investment agreement dated 26 April 2018 among Kingsley, China Everbright Capital Limited (the "**Sole Sponsor**"), China Everbright Securities (HK) Limited, Sinolink Securities (Hong Kong) Company Limited (collectively, the "**Joint Global Coordinators**") and Mountain High Capital Ltd in relation to the purchase of such number of Kingsley Shares at a total consideration of HK\$15 million; and
6. the Hong Kong underwriting agreement dated 27 April 2018 relating to the public offering of the Kingsley Shares for subscription by the public in Hong Kong entered into by Kingsley, its then executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators and Sinomax Securities Limited, the details of which are set out in the prospectus of Kingsley dated 30 April 2018.

9. EXPERTS AND CONSENTS

The following are the qualifications of the expert who has been named in this Response Document and/or given opinion or advice which are contained in this Response Document:

Name	Qualification
Euto Capital Partners Limited	a licensed corporation that is licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank Petty Limited (“Knight Frank”)	Qualified Property Valuer

Each expert above has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of the text of its letter and references to its name in the form and context in which they are included.

10. MISCELLANEOUS

The English text of this Response Document shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at www.kingsley.edu.my; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the principal place of business of the Company in Hong Kong at Unit 2413A, 24/F., Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong, from the date of this Response Document onwards so long as the Offer remain open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 30 June 2018 and 2019;
- (c) the interim report of the Company for the six months ended 31 December 2019;
- (d) the first quarterly report of the Company for the three months ended 30 September 2019;
- (e) the letter from the Board dated 4 March 2020 to the Independent Shareholders, the text of which is set out on pages 10 to 20 of this Response Document;

- (f) the letter from the Independent Board Committee dated 4 March 2020 to the Independent Kingsley Shareholders, the text of which is set out on pages 21 to 22 of this Response Document;
- (g) the letter from the Independent Financial Adviser dated 4 March 2020 to the Independent Board Committee, the text of which is set out on pages 23 to 53 of this Response Document;
- (h) the property valuation report from Knight Frank dated 4 March 2020, the text of which is set out in Appendix II to this Response Document;
- (i) the written consents referred to in paragraph 9 of this Appendix;
- (j) the material contracts set out under the heading “8. Material Contracts” in Appendix III to this Response Document; and
- (k) this Response Document.