

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

KSL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2015

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

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

For the year ended 31 July 2015, the operating results of the Group were as follows:

- Revenue amounted to approximately HK\$154.5 million (Year ended 31 July 2014: approximately HK\$63.4 million), representing an increase of approximately 143.6% from last year;
- Net profit for the year ended 31 July 2015 amounted to approximately HK\$29.9 million (Year ended 31 July 2014: approximately HK\$25.0 million), representing an increase of approximately 19.9% from last year;
- Basic and diluted earnings per share for the year ended 31 July 2015 based on weighted average number of ordinary shares was approximately HK\$7.6 cents (Year ended 31 July 2014: approximately HK\$6.9 cents);
- The Directors do not recommend the payment of a final dividend for the year ended 31 July 2015 (Period ended 31 July 2014: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2015

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 July 2015 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2015

	Notes	2015 HK\$' 000	2014 HK\$' 000
Revenue	4	154,503	63,413
Cost of sales	5	<u>(100,935)</u>	<u>(21,686)</u>
Gross profit		53,568	41,727
Other income and net gains	4	1,759	155
Administrative and other operating expenses	5	<u>(18,391)</u>	<u>(11,805)</u>
Operating profit		36,936	30,077
Finance costs	6	<u>(53)</u>	<u>(168)</u>
Profit before income tax		36,883	29,909
Income tax expense	7	<u>(6,948)</u>	<u>(4,951)</u>
Profit for the year		<u>29,935</u>	<u>24,958</u>
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Gain on revaluation of properties upon transfer to investment properties		<u>4,360</u>	<u>—</u>
Other comprehensive income for the year		<u>4,360</u>	<u>—</u>
Total comprehensive income for the year		<u>34,295</u>	<u>24,958</u>
Profit attributable to owners of the Company		<u>29,935</u>	<u>24,958</u>
Total comprehensive income attributable to owners of the Company		<u>34,295</u>	<u>24,958</u>
Basic and diluted earnings per share (HK cents)	8	<u>7.6</u>	<u>6.9</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2015

	Notes	2015 HK\$' 000	2014 HK\$' 000
ASSETS			
Non-current assets			
Property, plant and equipment		3,553	15,697
Investment properties		17,700	—
		<u>21,253</u>	<u>15,697</u>
Current assets			
Trade and other receivables	10	23,043	16,488
Amounts due from customers for contract work		769	—
Amount due from a shareholder		—	28,313
Cash and cash equivalents		70,822	7,724
		<u>94,634</u>	<u>52,525</u>
Total assets		<u>115,887</u>	<u>68,222</u>
EQUITY			
Capital and reserves			
Share capital	12	4,112	20
Share premium	12	24,394	—
Merger reserve		(494)	—
Revaluation reserve		4,360	—
Retained earnings		60,155	52,810
		<u>92,527</u>	<u>52,830</u>
Total equity		<u>92,527</u>	<u>52,830</u>
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	159	—
Borrowings		—	171
		<u>159</u>	<u>171</u>
Current liabilities			
Trade and other payables	11	14,857	2,885
Amounts due to customers for contract work		78	—
Borrowings		171	5,858
Tax payable		8,095	6,478
		<u>23,201</u>	<u>15,221</u>
Total liabilities		<u>23,360</u>	<u>15,392</u>
Total equity and liabilities		<u>115,887</u>	<u>68,222</u>
Net current assets		<u>71,433</u>	<u>37,304</u>
Total assets less current liabilities		<u>92,686</u>	<u>53,001</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2015

	Attributable to owners of the Company					Total equity HK\$' 000
	Share capital HK\$' 000	Share premium HK\$' 000	Merger reserve HK\$' 000	Revaluation reserve HK\$' 000	Retained earnings HK\$' 000	
Balance at 1 August 2013	20	—	—	—	27,852	27,872
Profit for the year	—	—	—	—	24,958	24,958
Total comprehensive income for the year	—	—	—	—	24,958	24,958
Balance at 31 July 2014	20	—	—	—	52,810	52,830
Balance at 1 August 2014	20	—	—	—	52,810	52,830
Profit for the year	—	—	—	—	29,935	29,935
Gain on revaluation of properties upon transfer to investment properties	—	—	—	4,360	—	4,360
Total comprehensive income for the year	—	—	—	4,360	29,935	34,295
Transactions with owners:						
Dividend (<i>Note 9</i>)	—	—	—	—	(22,590)	(22,590)
Reorganisation	494	—	(494)	—	—	—
Shares issued pursuant to the capitalisation issue	3,084	(3,084)	—	—	—	—
Proceeds from placing of shares	514	30,326	—	—	—	30,840
Share issuance costs	—	(2,848)	—	—	—	(2,848)
	4,092	24,394	(494)	—	(22,590)	5,402
Balance at 31 July 2015	4,112	24,394	(494)	4,360	60,155	92,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

1. GENERAL INFORMATION

KSL Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 17 July 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 5 December 2014. Its parent and ultimate holding company is Sonic Solutions Limited (“Sonic Solutions”), a company incorporated in the British Virgin Islands (the “BVI”) and wholly owned by Dr. Li Kai Shun (“Dr. Li”).

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 August 2014:

- Amendment to HKAS 32, “Financial Instruments: Presentation” on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group’s consolidated financial statements.
- Amendments to HKAS 36, “Impairment of Assets”, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in HKAS 36 by the issue of HKFRS 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES – *continued*

- Amendment to HKAS 39, “Financial Instruments: Recognition and Measurement” on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to “over-the-counter” derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group’s consolidated financial statements as a result.
- HK(IFRIC) 21, “Levies”, sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 “Provisions”. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 August 2014 are not material to the Group.

Certain new standards and amendments of HKFRSs have been published but are not yet effective for annual period beginning on 1 August 2014 and have not been early adopted by the Group. The management is in the process of assessing the impact of these new standards and amendments on the consolidated financial statements of the Group. The adoption of these new standards and amendments when they become effective is currently not expected to have a material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

4. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised during the year are as follows:

	2015	2014
	HK\$' 000	HK\$' 000
Revenue		
Engineering consulting	37,771	39,122
Contracting	110,147	12,870
Project management	6,280	11,180
Others	305	241
	<u>154,503</u>	<u>63,413</u>
	2015	2014
	HK\$' 000	HK\$' 000
Other income and net gains		
Government grants (<i>Note</i>)	101	85
Net gains from fair value adjustment on investment properties	1,100	—
Rental income	555	—
Others	3	70
	<u>1,759</u>	<u>155</u>

Note: There are no unfulfilled conditions or contingencies relating to these grants.

Management has determined the operating segments based on the reports reviewed by the directors of the Company, the chief operating decision-maker, that are used to make strategic decisions. The directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

Engineering consulting: Provision of developing cost-effective engineering designs and obtaining necessary approvals in respect of the engineering designs developed by the Group from the relevant Government authorities or their appointed consultants.

Contracting: Provision of undertaking foundation and related geotechnical works as a contractor.

Project management: Provision of overall planning, management, technical advice and supervision of site works.

Others: Organisation of continuing professional development courses, seminars and conferences, provision of related administration services and sales of technical books in Hong Kong.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated corporate expenses, finance costs, income tax expenses and other major items that are isolated and non-recurring in nature are not included in segment results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

4. REVENUE AND SEGMENT INFORMATION – *continued*

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated property, plant and equipment, investment properties, amount due from a shareholder and unallocated corporate assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except unallocated corporate liabilities, current income tax liabilities and bank borrowings.

	Engineering consulting HK\$'000	Contracting HK\$'000	Project management HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 July 2015					
Revenue					
Total revenue	37,771	110,147	6,280	920	155,118
Inter-segment revenue	—	—	—	(615)	(615)
External revenue	<u>37,771</u>	<u>110,147</u>	<u>6,280</u>	<u>305</u>	<u>154,503</u>
Segment results	<u>22,554</u>	<u>18,168</u>	<u>5,839</u>	<u>(532)</u>	<u>46,029</u>
Net gains from fair value adjustment on investment properties					1,100
Rental income					555
Finance costs					(53)
Unallocated corporate expenses					<u>(10,748)</u>
Profit before income tax					36,883
Income tax expense					<u>(6,948)</u>
Profit for the year					<u>29,935</u>
Included in segment results are:					
Depreciation	<u>133</u>	<u>85</u>	<u>5</u>	<u>—</u>	<u>223</u>
At 31 July 2015					
Segment assets	23,844	30,310	2,015	227	56,396
Unallocated assets					<u>59,491</u>
Total assets					<u>115,887</u>
Included in segment assets are:					
Additions to non-current assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Segment liabilities	2,013	12,076	11	63	14,163
Tax payable					8,095
Unallocated liabilities					<u>1,102</u>
Total liabilities					<u>23,360</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

4. REVENUE AND SEGMENT INFORMATION – *continued*

	Engineering consulting HK\$' 000	Contracting HK\$' 000	Project management HK\$' 000	Others HK\$' 000	Total HK\$' 000
Year ended 31 July 2014					
Revenue					
Total revenue	39,122	12,870	11,180	841	64,013
Inter-segment revenue	—	—	—	(600)	(600)
External revenue	<u>39,122</u>	<u>12,870</u>	<u>11,180</u>	<u>241</u>	<u>63,413</u>
Segment results	<u>22,734</u>	<u>7,690</u>	<u>8,964</u>	<u>(377)</u>	39,011
Finance costs					(168)
Unallocated corporate expenses					<u>(8,934)</u>
Profit before income tax					29,909
Income tax expense					<u>(4,951)</u>
Profit for the year					<u>24,958</u>
Included in segment results are:					
Depreciation	<u>203</u>	<u>49</u>	<u>42</u>	—	<u>294</u>
At 31 July 2014					
Segment assets	12,750	4,137	7,756	227	24,870
Unallocated assets					<u>43,352</u>
Total assets					<u>68,222</u>
Included in segment assets are:					
Additions to non-current assets	<u>173</u>	<u>241</u>	<u>209</u>	—	<u>623</u>
Segment liabilities	1,632	1,288	283	73	3,276
Borrowing					5,638
Tax payable					<u>6,478</u>
Total liabilities					<u>15,392</u>

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The Group's major operations and markets are located in Hong Kong, no geographic segment information is provided.

For the year ended 31 July 2015, there were 2 customers (2014: 1 customer) which individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers amounted to 73% (2014: 34%) of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

5. EXPENSES BY NATURE

	2015 HK\$'000	2014 HK\$'000
Cost of sales		
Consultancy	2,616	1,489
Depreciation of owned assets	133	204
Depreciation of leased assets	90	90
Drafting	180	233
Motor vehicle expenses	338	332
Operating lease charges	126	168
Printing and stationery	176	150
Secondment fees	495	424
Staff costs	10,663	14,081
Subcontracting charges	85,921	3,994
Other expenses	197	521
	<u>100,935</u>	<u>21,686</u>
Administrative and other operating expenses		
Auditors' remuneration	810	43
Building management fee	42	72
Depreciation of owned assets	1,613	1,457
Entertainment	825	615
Insurance	481	253
Legal and professional fees	1,424	43
Listing expenses	2,329	3,977
Loss on disposal of property, plant and equipment	—	72
Operating lease rental on premises	1,337	—
Staff costs, including directors' emoluments	8,684	4,526
Travelling	145	65
Other expenses	701	682
	<u>18,391</u>	<u>11,805</u>

6. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on finance leases	13	—
Interest on bank borrowings wholly repayable within five years	40	168
	<u>53</u>	<u>168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2015 HK\$' 000	2014 HK\$' 000
Hong Kong profits tax:		
– Current year	6,495	4,951
– Under-provision in prior year	453	—
Income tax expense	<u>6,948</u>	<u>4,951</u>

8. EARNINGS PER SHARE

	2015	2014
Profit attributable to owners of the Company (HK\$' 000)	<u>29,935</u>	<u>24,958</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>393,456</u>	<u>359,800</u>
Basic earnings per share (HK cents)	<u>7.6</u>	<u>6.9</u>

For the year ended 31 July 2015, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the year.

For the year ended 31 July 2014, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of 359,800,000 shares (comprising 51,400,000 shares in issue and 308,400,000 shares to be issued under the capitalisation issue), as if these 359,800,000 shares were outstanding throughout the year.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 July 2015 (2014: Nil).

9. DIVIDENDS

	2015 HK\$' 000	2014 HK\$' 000
Interim dividends paid	<u>22,590</u>	<u>—</u>

The directors do not recommend the payment of final dividend for the year ended 31 July 2015. No dividend has been paid or declared by the Company since its incorporation.

The interim dividends of HK\$22,590,000 paid for the year ended 31 July 2015 (2014: Nil) represented the dividends paid by subsidiaries of the Company to its then shareholder prior to the Reorganisation.

The rate of dividends and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

10. TRADE AND OTHER RECEIVABLES

	2015 HK\$' 000	2014 HK\$' 000
Trade receivables	19,422	15,430
Retention receivables	2,546	—
Other receivables, deposits and prepayments	1,075	1,058
	<u>23,043</u>	<u>16,488</u>

Notes:

- (a) No credit period was granted to customers. Trade receivables are immediately due when the invoices are issued to customers. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on invoice date is as follows:

	2015 HK\$' 000	2014 HK\$' 000
0 – 30 days	16,480	10,299
31 – 60 days	1,067	2,105
61 – 90 days	260	140
91 – 365 days	1,115	2,886
Over 365 days	500	—
	<u>19,422</u>	<u>15,430</u>

As at 31 July 2015, trade receivables of approximately HK\$19,422,000 (2014: HK\$15,430,000) were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 31 July 2015 (2014: Nil) and would be settled in accordance with the terms of the respective contracts.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

11. TRADE AND OTHER PAYABLES

	2015 HK\$' 000	2014 HK\$' 000
Non-current		
Rental deposits received	<u>159</u>	<u>—</u>
Current		
Trade payables	10,393	1,369
Retention payables	2,143	—
Accruals and other payables	<u>2,321</u>	<u>1,516</u>
	<u>14,857</u>	<u>2,885</u>
	<u>15,016</u>	<u>2,885</u>

Notes:

- (a) Payment terms granted by suppliers are generally 30 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2015 HK\$' 000	2014 HK\$' 000
0 – 30 days	9,852	1,369
31 – 60 days	192	—
61 – 90 days	80	—
Over 90 days	<u>269</u>	<u>—</u>
	<u>10,393</u>	<u>1,369</u>

- (b) All trade and other payables are denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

12. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Ordinary shares HK\$' 000
<i>Ordinary shares of HK\$0.01 each:</i>		
Authorised:		
On 17 July 2014 (date of incorporation), 31 July 2014 and 1 August 2014 (Note (b))	38,000,000	380
Increase in authorised share capital (Note (c))	<u>1,962,000,000</u>	<u>19,620</u>
As at 31 July 2015	<u>2,000,000,000</u>	<u>20,000</u>

	Number of ordinary shares	Ordinary shares HK\$' 000	Share premium HK\$' 000
Issued and fully paid:			
On 17 July 2014 (date of incorporation), 31 July 2014 and 1 August 2014 (Note (b))	1	—	—
Issuance of shares upon Reorganisation (Note (d))	51,399,999	514	—
Shares issued pursuant to the capitalisation issue (Note (e))	308,400,000	3,084	(3,084)
Shares issued pursuant to the placing (Note (f))	<u>51,400,000</u>	<u>514</u>	<u>27,478</u>
As at 31 July 2015	<u>411,200,000</u>	<u>4,112</u>	<u>24,394</u>

Notes:

- (a) The balance of share capital at 31 July 2014 represents the aggregate of paid up share capital of the subsidiaries comprising the Group prior to Reorganisation.
- (b) The Company was incorporated on 17 July 2014 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which one nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, which was later transferred to Sonic Solutions on the same day.
- (c) On 19 November 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (d) On 19 November 2014 pursuant to the Reorganisation, the Company acquired the entire issued share capital of KSL Enterprises Limited and as consideration 1 nil paid share held by Sonic Solutions was credited as fully paid and 51,399,999 shares were allotted and issued to Sonic Solutions, all credited as fully paid.
- (e) Pursuant to a shareholder resolution passed on 19 November 2014, HK\$3,084,000 standing to the credit of the share premium account of the Company was capitalised and appropriated to pay up in full at par 308,400,000 shares for allotment and issue to shareholders appearing on the register of members of the Company at close of business of 19 November 2014 (the "Capitalisation Issue"). Upon the Capitalisation Issue, the issued share capital of the Company would become HK\$3,598,000 divided into 359,800,000 share of HK\$0.01 each.
- (f) On 5 December 2014, the Company issued 51,400,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.60 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 July 2015, the construction industry in Hong Kong continued to grow primarily due to the Government's plan to improve infrastructure such as railways and highways and increase the supply of residential housing. As a result, there was an increase in the demand for construction works in Hong Kong, which provides opportunities for geotechnical engineering works including foundation works for our Group.

BUSINESS REVIEW AND OUTLOOK

We are principally engaged in the provision of engineering consulting, contracting and project management services in Hong Kong with a focus on geotechnical engineering works. Geotechnical engineering is a branch of civil engineering concerned with the study and modification of soil and rocks. The geotechnical engineering works in which we participated as a consultant, contractor and/or project manager included foundation design and construction works for building construction projects, excavations and structural designs for the construction of underground facilities, site formation works and landslip preventive works.

The Directors consider that the continued increase in major infrastructure and construction projects in Hong Kong had led to a general increase in the demand for geotechnical engineering services, resulting in more business opportunities being presented to and secured by our Group and thus we recorded an increase in our revenue for the year ended 31 July 2015 as compared to the same period in 2014.

Looking forward, our Group will continue to further develop our contracting business by undertaking more geotechnical engineering projects and strengthen our in-house engineering team.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$63.4 million for the year ended 31 July 2014 to approximately HK\$154.5 million for the year ended 31 July 2015, representing a growth of approximately 143.6%. Such increase was mainly due to the increase in geotechnical engineering services provided by our Group as a result of the overall development in the construction industry in Hong Kong and the increase in number of contracting projects undertaken by our Group during the year.

Cost of Sales

Our cost of sales increased from approximately HK\$21.7 million for the year ended 31 July 2014 to approximately HK\$100.9 million for the year ended 31 July 2015, representing an increase of approximately 365.4%. Such increase was mainly attributable to the increase in our subcontracting charges with the increase in number of contracting projects undertaken by our Group during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

Our gross profit amounted to approximately HK\$41.7 million and HK\$53.6 million for the years ended 31 July 2014 and 2015 respectively, representing a growth of approximately 28.4%, as a result of the increase in our revenue as discussed above.

Our gross profit margin decreased from approximately 65.8% for the year ended 31 July 2014 to approximately 34.7% for the year ended 31 July 2015, mainly due to a larger proportion of our revenue for the year ended 31 July 2015 being derived from our contracting business as compared with that in the previous period. Our contracting business generally has lower gross profit margin (albeit usually associated with larger absolute amount of revenue) as compared with our engineering consulting and project management business. This is because the business model of our contracting business involves the use of subcontractors, resulting in subcontracting charges incurred by us and thus lowering gross profit margin, while our engineering consulting and project management business generally do not involve the use of subcontractors.

Other Income

Our other income amounted to approximately HK\$155,000 and HK\$1,759,000 for the years ended 31 July 2014 and 2015 respectively, representing an increase of approximately 1,034.8%, which was mainly due to the increase in rental income of approximately HK\$555,000 earned from the rental of the investment properties to an independent third party starting from January 2015 and the net gains from fair value adjustment on the aforementioned properties of HK\$1.1 million.

Administrative and Other Operating Expenses

Our administrative and other operating expenses amounted to approximately HK\$11.8 million and HK\$18.4 million for the years ended 31 July 2014 and 2015 respectively, representing an increase of approximately 55.8%. Such increase was primarily due to the increase in staff costs from approximately HK\$4.5 million for the year ended 31 July 2014 to approximately HK\$8.7 million for the year ended 31 July 2015, and the increase in legal and professional fees and rental expenses of office premises of approximately HK\$1.3 million upon the rental of new office premises in September 2014 incurred during the year ended 31 July 2015 (2014: nil).

Finance Costs

For the years ended 31 July 2014 and 2015, our finance costs amounted to approximately HK\$168,000 and HK\$53,000 respectively, representing a decrease of approximately 68.5%. Such decrease was mainly due to the combined effect of (i) the reduction in our interest expense on bank borrowing from approximately HK\$168,000 for the year ended 31 July 2014 to approximately HK\$40,000 for the year ended 31 July 2015 as a result of the full repayment of bank borrowing in October 2014; and (ii) partially offset by the increase in interest on finance lease from nil for the year ended 31 July 2014 to approximately HK\$13,000 for the year ended 31 July 2015 mainly because of the purchase of our motor vehicle by way of finance lease arrangement.

Income Tax Expense

For the years ended 31 July 2014 and 2015, our income tax expense amounted to approximately HK\$5.0 million and HK\$6.9 million respectively, representing an increase of approximately 40.3%. Such increase was primarily due to the increase in profit during the year mainly as a result of the increase in our revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

As a result of the aforesaid and in particular the increase in our revenue and increase in cost of sales as discussed above, our profit and total comprehensive income for the year attributable to owners of our Company increased from approximately HK\$25.0 million for the year ended 31 July 2014 to approximately HK\$29.9 million for the year ended 31 July 2015, representing an increase of approximately 19.9%.

Final Dividend

The Board did not recommend a payment of a final dividend for the year ended 31 July 2015 (the period ended 31 July 2014: nil).

Liquidity and Financial Resources

The Group maintained a sound financial position during the year ended 31 July 2015. As at 31 July 2015, the Group had a cash and bank balance of approximately HK\$70.8 million (31 July 2014: approximately HK\$7.7 million). The total interest-bearing loans of the Group as at 31 July 2015 was approximately HK\$0.2 million (31 July 2014: approximately 6.0 million), and current ratio as at 31 July 2015 was approximately 4.1 (31 July 2014: approximately 3.5).

The Group's borrowings and bank balances are denominated in Hong Kong Dollar and there was no significant exposure to foreign exchange rate fluctuations during the year.

Gearing Ratio

The gearing ratio of the Group as at 31 July 2015 was approximately 0.002 (31 July 2014: approximately 0.1), which remained low as the Group was not in need of any material debt financing during the year.

The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at 31 July 2015, the Group did not have any charges on its assets as the Group had fully repaid such bank borrowing during the year.

As at 31 July 2014, the Group pledged its leasehold properties with an aggregate net book value of approximately HK\$12,395,000 as collateral to secure bank borrowing facilities granted to the Group. Save for the above, the Group did not have any charges on its assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the presentation currency of the Group. For the year ended 31 July 2015, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

Capital Structure

The Company's shares were listed on the Stock Exchange on 5 December 2014. There has been no change in capital structure of the Company since 5 December 2014. The capital of the Company comprises ordinary shares and capital reserves.

As at 31 July 2015, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4.1 million and HK\$92.5 million respectively (31 July 2014: approximately HK\$20,000 and HK\$52.8 million respectively).

Capital Commitments

As at 31 July 2015, the Group did not have any capital commitments. As at 31 July 2014, the Group had an outstanding capital commitments of approximately HK\$782,000.

Human Resources Management

As at 31 July 2015, the Group had 37 (31 July 2014: 32) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$19.3 million for the year ended 31 July 2015 as compared to approximately HK\$18.6 million for the year ended 31 July 2014. The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses.

The emoluments of the Directors were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance, and approved by the Board.

Significant Investments Held

Except for investment in its subsidiaries during the year ended 31 July 2015, the Group did not hold any significant investment in equity interest in any other company.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the year ended 31 July 2015, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Contingent Liabilities

As at 31 July 2015, the Group did not have any material contingent liability.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

Save as disclosed in the company's prospectus dated 28 November 2014 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

Comparison of Business Objectives with Actual Business Progress

	Business objectives up to 31 July 2015 as stated in the Prospectus	Actual business progress up to 31 July 2015
Further developing our contracting business	Undertake more geotechnical engineering projects for our contracting business should we able to identify and secure suitable business opportunities, with HK\$5.0 million earmarked for satisfying potential customers' requirements for surety bonds	The Group is in the progress of identifying suitable business opportunities with potential customers and the Group has also committed to undertake a new construction project in late July 2015 for which a deposit of approximately HK\$7.4 million is required (which was to be financed as to HK\$5 million by the proceeds from the placing and as to the remaining HK\$2.4 million by the Group's internal resources)
Further strengthening our in-house team of engineering staff	Recruit two additional middle to senior level engineering staff to cope with our business development and our plan to further develop our contracting business	The Group recruited two middle level engineering staff and is in the progress of recruiting more experienced and high caliber engineering staff
	Continue to sponsor our engineering staff to attend technical seminars and occupational health and safety courses organized by third parties	The Group sponsored our engineering staff to attend technical seminars and occupational health and safety courses organized by third parties
Developing more efficient in-house computer programs	Upgrade our engineering computer programs by purchasing new software from third-party providers	The Group purchased several engineering software programs
	Recruit one information technology officer to develop in-house engineering computer programs and to continuously maintain and refine such computer programs	The Group is in the progress of recruiting one information technology officer and has appointed an external consultant

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

During the year ended 31 July 2015, the net proceeds from placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 31 July 2015 HK\$' 000	Actual use of proceeds up to 31 July 2015 HK\$' 000
Further developing our contracting business	5,000	5,000
Further strengthening our in-house team of engineering staff	1,400	342
Developing more efficient in-house computer programs	800	322
	<u>7,200</u>	<u>5,664</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors the controlling shareholders and substantial shareholders, all of them have confirmed that neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests from the date of Listing to 31 July 2015.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "Non-competition Undertakings") dated 19 November 2014 given by Dr. Li Kai Shun and Sonic Solutions. The independent non-executive Directors were not aware of any non-compliance of the Non-competition Undertakings given by Dr. Li Kai Shun and Sonic Solutions from the date of the Non-competition Undertakings and up to the date of this announcement.

Each of Dr. Li Kai Shun and Sonic Solutions has confirmed that he/it had complied with the Non-competition Undertakings given by them from the date of the Non-competition Undertakings and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

From the date of Listing to 31 July 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

From the date of Listing to 31 July 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in the Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Code of Conduct. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the period from the date of Listing to 31 July 2015.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 19 November 2014 ("the Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there were no share option outstanding as at 31 July 2015.

INTEREST OF COMPLIANCE ADVISOR

As at 31 July 2015, as notified by the Company's compliance advisor, Messis Capital Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 18 September 2014, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this announcement.

AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of HLB as auditors of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditors during the year ended 31 July 2015 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Company has established an Audit Committee on 19 November 2014 with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Ong Chi King (Chariman), Mr. Ko Chi Keung and Mr. Ho Ho Ming.

The Audit Committee has reviewed this announcement and the audited consolidated financial statements of the Group for the year ended 31 July 2015.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 July 2015 have been agreed by the Group's auditors, HLB, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the preliminary announcement.

On behalf of the Board
KSL Holdings Limited
Li Kai Shun
Chairman and Executive Director

Hong Kong, 15 October 2015

As at the date of this announcement, the executive Directors are Dr. LI Kai Shun, Mr. TAM Yi Shek, Mr. CHAN Kin Pong, Mr. TSANG Siu Wah and Ms. Au Man Yi; and the independent non-executive Directors are Mr. HO Ho Ming, Mr. KO Chi Keung and Mr. ONG Chi King.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.kslholdings.com.