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## **KSL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8170)

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 APRIL 2016**

The Growth Enterprise Market (“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 of Hong Kong Limited (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 “Director(s)”) 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

- The Group's revenue amounted to approximately HK\$107.5 million for the nine months ended 30 April 2016, representing a decrease of approximately HK\$13.0 million or approximately 10.8% as compared with the nine months ended 30 April 2015.
- The profit attributable to owners of the Company is approximately HK\$17.2 million for the nine months ended 30 April 2016, representing a decrease of approximately HK\$7.4 million or approximately 30.2% as compared with the nine months ended 30 April 2015, which is mainly due to a decrease in gross profit margin for the Group's contracting business as a result of an increase in the Group's subcontracting charges and in the overall construction costs in Hong Kong, coupled with a decrease in revenue derived from undertaking geotechnical works as contractor as a result of competition faced by the Group in obtaining new businesses.
- The Board does not recommend the payment of any dividend for the nine months ended 30 April 2016.

## THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 April 2016 (the “Relevant Period”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

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

For the nine months ended 30 April 2016

	Notes	Nine months ended 30 April	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	107,486	120,461
Cost of sales	4	<u>(75,488)</u>	<u>(76,494)</u>
Gross profit		31,998	43,967
Other income		1,936	404
Administrative and other operating expenses		<u>(13,188)</u>	<u>(13,428)</u>
Operating profit		20,746	30,943
Finance costs		<u>(3)</u>	<u>(51)</u>
Profit before income tax		20,743	30,892
Income tax expense	5	<u>(3,571)</u>	<u>(6,281)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>17,172</u>	<u>24,611</u>
		HK cents	HK cents
Basic and diluted earnings per share	7	<u>4.2</u>	<u>6.4</u>

Details of dividends are disclosed in Note 6 to the financial statements.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2016

	Share capital HK\$' 000	Share premium HK\$' 000	Merger reserve HK\$' 000 (Note 1)	Revaluation reserve HK\$' 000	Retained earnings HK\$' 000	Total equity HK\$' 000
Balance at 1 August 2014 (Note 2)	20	—	—	—	52,810	52,830
Profit and total comprehensive income for the period	—	—	—	—	24,611	24,611
Dividend (Note 6)	—	—	—	—	(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	—	(2,868)	—	—	—	(2,868)
Balance at 30 April 2015 (unaudited)	4,112	24,374	(494)	—	54,831	82,823
Balance at 1 August 2015	4,112	24,394	(494)	4,360	60,155	92,527
Profit and total comprehensive income for the period	—	—	—	—	17,172	17,172
Balance at 30 April 2016 (unaudited)	4,112	24,394	(494)	4,360	77,327	109,699

## Notes:

1. Merger reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation (the "Reorganisation") for the listing and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.
2. For the purpose of the preparation of the unaudited condensed consolidated statement of changes in equity, the balance of the share capital at 1 August 2014 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2016

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 July 2014. The registered office of the Company is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarters and principal place of business in Hong Kong is located at Office A and Office B, 12th Floor, Billion Plaza 2, 10 Cheung Yue Street, Kowloon, Hong Kong. The Company's issued ordinary shares of HK\$0.01 each have been listed and traded on the GEM since 5 December 2014.

The principal activity of the Company is investment holding. The Group's principal activities are the provision of engineering consulting, contracting and project management services in Hong Kong with a focus on geotechnical engineering works.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 April 2016 have been prepared by the Directors in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. HKFRSs include Hong Kong Accounting Standards and interpretations. Intra-group balances and transactions, if any, have been fully and properly eliminated. The accounting policies and basis of preparation adopted in the preparation of the financial statements for the nine months ended 30 April 2016 are consistent with those adopted in the consolidated financial statements of the Company for the year ended 31 July 2015.

The unaudited condensed consolidated financial statements for the nine months ended 30 April 2016 have not been audited by the Company's independent auditors, but have been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated financial statements for the nine months ended 30 April 2016 are presented in Hong Kong dollars ("HK\$"), which is the same functional currency of the Company.

## 3. REVENUE

Revenue, which is also the Group's turnover, mainly represents receipts from provision of engineering consulting, contracting and project management services in the ordinary course of business. Revenue recognised during the nine months ended 30 April 2016 are as follows:

	Nine months ended	
	30 April	
	2016	2015
	HK\$' 000	HK\$' 000
	(Unaudited)	(Unaudited)
Engineering consulting	26,162	27,341
Contracting	72,178	88,431
Project management	8,250	4,500
Others	896	189
	<u>107,486</u>	<u>120,461</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2016

### 3. REVENUE – *continued*

The management of the Company has determined the operating segments based on the reports reviewed by the Directors, 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.

Revenue from engineering consulting decreased from approximately HK\$27.3 million for the nine months ended 30 April 2015 to approximately HK\$26.2 million for the nine months ended 30 April 2016, representing an decrease of approximately 4.3%, as a result of the decrease in the number of engineering consulting projects undertaken by the Group during the Relevant Period.

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

Revenue from contracting decreased from approximately HK\$88.4 million for the nine months ended 30 April 2015 to approximately HK\$72.2 million for the nine months ended 30 April 2016, representing an decrease of approximately 18.4%, as a result of the decrease in the contract size and number of contracting projects undertaken by the Group and competition faced by the Group in obtaining new businesses during the Relevant Period compared with the nine months ended 30 April 2015.

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

Revenue from project management increased from approximately HK\$4.5 million for the nine months ended 30 April 2015 to approximately HK\$8.3 million for the nine months ended 30 April 2016, representing an increase of approximately 83.3%, as a result of the increase in the provision of planning and technical advice to customers during the Relevant Period.

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

### 4. COST OF SALES

	Nine months ended	
	30 April	
	2016	2015
	HK\$' 000	HK\$' 000
	(Unaudited)	(Unaudited)
Staff costs	7,410	9,056
Subcontracting charges	66,503	64,155
Other expenses	1,575	3,283
	<u>75,488</u>	<u>76,494</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2016

### 5. INCOME TAX EXPENSE

	Nine months ended 30 April	
	2016 HK\$' 000 (Unaudited)	2015 HK\$' 000 (Unaudited)
Hong Kong profits tax	<u>3,571</u>	<u>6,281</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit of the Group for the period as stated above.

### 6. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 April 2016 (nine months ended 30 April 2015: nil).

### 7. EARNINGS PER SHARE

The calculations of basic earnings per share for the nine months ended 30 April 2016 are based on the followings:

	Nine months ended 30 April	
	2016 HK\$' 000 (Unaudited)	2015 HK\$' 000 (Unaudited)
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>17,172</u>	<u>24,611</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>411,200,000</u>	<u>387,476,923</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and capitalisation issue had been effective on 1 August 2014.

No diluted earnings per share was presented as there was no potential ordinary shares in issue during the Relevant Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 Company's shares (the "Shares") were successfully listed on the GEM (the "Listing") on 5 December 2014 by way of placing ("Placing"). 102,800,000 placing shares (comprising 51,400,000 new shares offered by the Company and 51,400,000 sale shares offered by the selling shareholder) were placed at HK\$0.6 per share pursuant to the Placing. The net proceeds from the Placing were about HK\$21.7 million after deduction of listing-related expenses.

The Group experienced a decrease in revenue and net profit for the Relevant Period compared to the corresponding period last year. The Directors consider that the decrease was mainly due to a decrease in gross profit margin for the Group's contracting business as a result of an increase in the Group's subcontracting charges and in the overall construction costs in Hong Kong, coupled with a decrease in revenue derived from undertaking geotechnical works as contractor as a result of competition faced by the Group in obtaining new businesses. The Directors consider that competition in the market has become more intense recently due to the less optimistic outlook of the general economic condition of Hong Kong as well as the slow approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong, resulting in more intense competition for private sector projects.

The Directors are also cautiously monitoring the overall construction costs with respect to the works undertaken by the Group as contractor which are affected by factors including but not limited to the different geotechnical engineering circumstances pertaining to the different projects undertaken by the Group as well as the overall market conditions and costs in the construction industry as well as the overall economy in Hong Kong. Going forward, in developing the Group's contracting business, the Directors will continue to carefully evaluate the potential costs and the geotechnical engineering circumstances pertaining to different potential projects with a view to controlling the Group's overall costs to an acceptable and satisfactory level. From time to time, the Group will consider different business opportunities to increase shareholders' return.

## FINANCIAL REVIEW

### Revenue

Our revenue decreased from approximately HK\$120.5 million for the nine months ended 30 April 2015 to approximately HK\$107.5 million for the nine months ended 30 April 2016, representing a decline of approximately 10.8%. Such decrease was mainly due to the decrease in the Group's revenue derived from undertaking foundation and related geotechnical works as contractor, as a result of the intense competition faced by the Group which resulted in less business opportunities in such areas being available in the market.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Cost of Sales**

Our cost of sales decreased from approximately HK\$76.5 million for the nine months ended 30 April 2015 to approximately HK\$75.5 million for the nine months ended 30 April 2016, representing a decrease of approximately 1.3%. Such decrease was mainly attributable to the decrease in staff costs and other expenses, partially offset by the increase in our subcontracting charges incurred. The Group experienced an increase in its subcontracting charges incurred during the Relevant Period, which was mainly caused by an increase in the overall construction costs with respect to the works undertaken by the Group as contractor during the nine months ended 30 April 2016 as compared to the corresponding period in 2015 arising from the different geotechnical engineering circumstances pertaining to the different respective projects. As a result, the Group recorded a lower percentage decrease in its cost of sales than the percentage decrease in its revenue during the Relevant Period, which led to a decrease in the Group's gross profit margin from approximately 36.5% for the nine months ended 30 April 2015 to approximately 29.8% for the nine months ended 30 April 2016.

### **Gross Profit**

Our gross profit decreased from approximately HK\$44.0 million for the nine months ended 30 April 2015 to approximately HK\$32.0 million for the nine months ended 30 April 2016, representing a decrease of approximately 27.2%, as a result of the decrease in our revenue as discussed above.

### **Other Income**

Our other income amounted to approximately HK\$0.4 million and HK\$1.9 million for the nine months ended 30 April 2015 and 2016 respectively, representing an increase of approximately 379.2%, which was mainly due to the increase in rental income earned from the rental of the investment properties to an independent third party starting from January 2015 and the increase in fair value of the investment properties during the nine months ended 30 April 2016.

### **Administrative and Other Operating Expenses**

Our administrative and other operating expenses amounted to approximately HK\$13.4 million and HK\$13.2 million for the nine months ended 30 April 2015 and 2016 respectively, representing a decrease of approximately 1.8%. Such decrease was primarily due to the listing expenses of approximately HK\$2.3 million incurred during the nine months ended 30 April 2015, while there was no such expenses incurred during the Relevant Period, which is partially offset by the increase in administrative and other operating expenses after Listing.

### **Finance Costs**

For the nine months ended 30 April 2015 and 2016, our finance costs amounted to approximately HK\$51,000 and HK\$3,000 respectively, representing a decrease of approximately 94.1%. Such decrease was mainly due to the reduction in our interest expense on bank borrowing for the nine months ended 30 April 2016 as a result of the repayment of bank borrowing in October 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income Tax Expense

For the nine months ended 30 April 2015 and 2016, our income tax expense amounted to approximately HK\$6.3 million and HK\$3.6 million respectively, representing a decrease of approximately 43.1%. Such decrease was primarily due to the decrease in gross profit for the Relevant Period as explained above as well as the tax effect of non-deductible expenses for tax purpose such as listing expenses, which was incurred in the corresponding period in last year but not in the Relevant Period.

### Profit for the Period

Our profit and total comprehensive income for the Relevant Period attributable to owners of our Company decreased from approximately HK\$24.6 million for the nine months ended 30 April 2015 to approximately HK\$17.2 million for the nine months ended 30 April 2016, representing a decrease of approximately 30.2%, as a result of the decrease in revenue and the decrease in gross profit for the Relevant Period as discussed above.

### Dividend

The Board does not recommend the payment of dividend for the nine months ended 30 April 2016 (nine months ended 30 April 2015: nil).

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 April 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long Position in the Company's Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of shareholding
Dr. Li Kai Shun (Note 1)	Interest in controlled corporation	140,080,000	34.07%

Note:

1. Dr. Li Kai Shun ("Dr. Li") beneficially owns the entire issued share capital of Sonic Solutions Limited ("Sonic Solutions") and is deemed, or taken to be, interested in all the Shares held by Sonic Solutions for the purposes of the SFO. Dr. Li is an executive Director, the chairman of the Company and the sole director of Sonic Solutions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DISCLOSURE OF INTERESTS – *continued*

#### A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures – *continued*

- (ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Dr. Li	Sonic Solutions	Beneficial owner	1	100%

Save as disclosed above, as at 30 April 2016, none of the Directors and chief executive and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept under Section 352 of the SFO; or was required as otherwise to notify the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company.

#### B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 April 2016, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:-

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/ interested in	Long/short position	Approximate percentage of total issued share capital of the Company
Dr. Li (Note 1)	Interest in controlled corporation	140,080,000	Long	34.07%
Sonic Solutions (Note 1)	Beneficial owner	140,080,000	Long	34.07%
Ms. Lam Joley (Note 2)	Interest of spouse	140,080,000	Long	34.07%

Notes:

- Dr. Li beneficially owns the entire issued share capital of Sonic Solutions and is deemed, or taken to be, interested in all the Shares held by Sonic Solutions for the purposes of the SFO. Dr. Li is an executive Director, the chairman of the Company and the sole director of Sonic Solutions.
- Ms. Lam Joley is the spouse of Dr. Li and is deemed, or taken to be, interested in all the Shares in which Dr. Li is interested for the purposes of the SFO.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DISCLOSURE OF INTERESTS – *continued*

#### B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures – *continued*

Save as disclosed above, as at 30 April 2016, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### COMPETITION AND CONFLICT OF INTEREST

During the Relevant Period, according to the GEM Listing Rules, the following Directors have interests in the following business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director:	Name of entity which are considered to compete or likely to compete with the business of the Group:	Description of business:	Nature of interests:
Ong Chi King	Deson Construction International Holdings Limited ("Deson")	Principally engaged in (i) building construction works; (ii) electrical and mechanical engineering works; and (iii) fitting out works	Executive director and interests in approximately 0.98% of issued share capital of Deson
	WLS Holdings Limited	Principally engaged in (i) provision of management contracting services; and (ii) other services for construction and building work	Independent non-executive director
	Wan Kei Group Holdings Limited ("Wan Kei Group")	Principally engaged in (i) foundation works; and (ii) ground investigation field work	Independent non-executive director
Ho Ho Ming	Wan Kei Group	Principally engaged in (i) foundation works; and (ii) ground investigation field work	Independent non-executive director
	LEAP Holdings Group Limited	Principally engaged in the provision of (i) foundation works and ancillary services; and (ii) construction wastes handling at the public fill reception facilities manage by the government in Hong Kong	Independent non-executive director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **COMPETITION AND CONFLICT OF INTEREST – *continued***

As the Board is independent of the boards of the abovementioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed, during the nine months ended 30 April 2016, none of the Directors, the controlling shareholders and substantial shareholders of the Company, neither themselves nor their respective close 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.

### **COMPLIANCE ADVISER'S INTERESTS**

As at 30 April 2016, as notified by the Company's compliance adviser, Dakin Capital Limited ("DCL"), except for the compliance adviser agreement entered into between the Company and DCL dated 24 February 2016, neither DCL nor its directors, employees or close associates had any interest in the securities of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

### **PURCHASE, SALES OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the nine months ended 30 April 2016 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE CODE**

During the nine months ended 30 April 2016 and up to the date of this announcement, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. 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 nine months ended 30 April 2016 and up to the date of this announcement.

### **SHARE OPTION SCHEME**

The Company 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 was no share option outstanding as at 30 April 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) on 19 November 2014 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, 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 four members, namely Mr. Ong Chi King, Mr. Ho Ho Ming, Mr. Ko Chi Keung and Ms. Kwong Ka Ki, all being independent non-executive Directors. Mr. Ong Chi King currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 April 2016.

By order of the Board  
KSL Holdings Limited  
Li Kai Shun  
*Chairman and Executive Director*

Hong Kong, 1 June 2016

*As at the date of this announcement, the executive Directors are Dr. LI Kai Shun, Mr. TAM Yi Shek, Ms. AU Man Yi, Ms. TONG Jiangxia and Mr. CHAI Nan; and the independent non-executive Directors are Mr. HO Ho Ming, Mr. KO Chi Keung, Mr. ONG Chi King and Ms. KWONG Ka Ki.*