

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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF (1) DRAGON TRILLION LIMITED, (2) AFFLUENT ALLY LIMITED AND (3) SMART PATHWAY LIMITED

THE DISPOSALS

The Board wishes to announce that on 14 February 2018, Upscale Century (a wholly-owned subsidiary of the Company) entered into three separate SP Agreements with Triumphant Day, pursuant to which Upscale Century has agreed to sell and Triumphant Day has agreed to acquire from Upscale Century the entire issued share capital of each of Dragon Trillion, Affluent Ally and Smart Pathway, at the consideration of HK\$9,000,000, HK\$7,000,000 and HK\$6,000,000, respectively.

Immediately after the Completion, the Target Companies will cease to be wholly-owned subsidiaries of the Company and the Company will cease to have any interest in the Target Companies.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the GEM Listing Rules in respect of the Disposals as contemplated under the SP Agreements in aggregate exceed(s) 5% but less than 25%, the Disposals in aggregate constitute a discloseable transaction on the part of the Company and are therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE SP AGREEMENTS

The Board wishes to announce that on 14 February 2018, Upscale Century (a wholly-owned subsidiary of the Company) entered into three separate SP Agreements with Triumphant Day, pursuant to which Upscale Century has agreed to sell and Triumphant Day has agreed to acquire from Upscale Century the entire issued share capital of each of Dragon Trillion, Affluent Ally and Smart Pathway, at the consideration of HK\$9,000,000, HK\$7,000,000 and HK\$6,000,000, respectively.

The terms and conditions of each of the SP Agreements are substantially the same except the name of the Target Company, the land lots held by the Target Company and the consideration. The salient terms of each of the SP Agreements are as follows:

Date: 14 February 2018

Parties: Upscale Century, as vendor; and
Triumphant Day, as purchaser.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, Triumphant Day and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed:

Pursuant to the SP Agreement A, the SP Agreement B and the SP Agreement C, Triumphant Day has conditionally agreed to acquire 1 share (representing 100% of the issued share capital) of each of Dragon Trillion, Affluent Ally and Smart Pathway from Upscale Century, free from any option, lien, charge or encumbrances but with all rights currently and hereafter attaching thereto, respectively.

Consideration:

The consideration under the SP Agreement A, the SP Agreement B and the SP Agreement C is HK\$9,000,000, HK\$7,000,000 and HK\$6,000,000, respectively. 10% of the consideration of each of the SP Agreements will be paid by Triumphant Day to Upscale Century on the date of the SP Agreements, whereas the remaining 90% of the consideration will be settled on the Completion Date.

The above consideration were determined between Upscale Century and Triumphant Day after arm's length negotiations and on normal commercial terms, and were determined with reference to, among others, (i) the unaudited net asset value of Dragon Trillion, Affluent Ally and Smart Pathway as at 31 December 2017; and (ii) the recent property market development in Hong Kong.

Completion:

Completion of each of the SP Agreements shall take place on the Completion Date. Immediately after the Completion, each of Dragon Trillion, Affluent Ally and Smart Pathway will cease to be wholly-owned subsidiaries of the Company and the Company will cease to have any interest in the Target Companies.

INFORMATION OF THE COMPANY, THE GROUP AND UPSCALE CENTURY

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM. The Group is principally engaged in the provision of engineering consulting, contracting and project management services in Hong Kong with a focus on geotechnical engineering works.

Upscale Century is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION OF THE TARGET COMPANIES AND THE LAND LOTS HELD BY THE TARGET COMPANIES

Dragon Trillion is a company incorporated in the Republic of Seychelles with limited liability and is principally engaged in investment holding. As at the date of this announcement, Dragon Trillion holds 7/12th part (tenant in common) of certain land lots, namely Lot No. 2320, 3143 and 3146 in D.D. 93.

Affluent Ally is a company incorporated in the Republic of Seychelles with limited liability and is principally engaged in investment holding. As at the date of this announcement, Affluent Ally holds a land lot (Lot No. 3144 in D.D. 93).

Smart Pathway is a company incorporated in the Republic of Seychelles with limited liability and is principally engaged in investment holding. As at the date of this announcement, Smart Pathway holds a land lot (Lot No. 3145 in D.D. 93).

The total site area of land lots (Lot No. 3146, 2320, 3143, 3144 and 3145 in D.D. 93) is approximately 19,000 square metres which are located at Ta Sha Lok/Hoo Hok Wai, Lok Ma Chou, New Territories, Hong Kong and such land lots, which are currently bare lands, are planned to be leased for agricultural use.

Financial information of the Target Companies

Set out below is the unaudited financial information of each of Dragon Trillion, Affluent Ally and Smart Pathway for the two years ended 31 December 2016 and 2017 according to the International Accounting Standards:

	For the year ended	
	31 December 2016 (adjusted) HK\$	31 December 2017 HK\$
Dragon Trillion		
Net loss before tax	218,392	218,939
Net loss after tax	218,392	218,939
Affluent Ally		
Net loss before tax	184,756	185,303
Net loss after tax	184,756	185,303
Smart Pathway		
Net loss before tax	158,653	159,201
Net loss after tax	158,653	159,201

The net asset value of Dragon Trillion, Affluent Ally and Smart Pathway as at 31 December 2017 was approximately HK\$6,304,485, HK\$5,307,010 and HK\$4,542,193 respectively. The Target Companies were loss-making for each of the years ended 31 December 2016 and 31 December 2017 due to the amortisation of land use rights as well as legal and professional fees incurred during the respective financial years.

INFORMATION OF TRIUMPHANT DAY

Triumphant Day is a company incorporated in the Republic of Seychelles with limited liability. It is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSALS

Dragon Trillion, Affluent Ally and Smart Pathway were acquired by Upscale Century at the consideration of HK\$7,500,000, HK\$6,000,000 and HK\$5,500,000, respectively on 25 July 2017. The Directors consider that the current market presents a good opportunity for the Group to realise its investment in the land lots held by the Target Companies so as to enable the Group to re-allocate more financial resources on future potential investment opportunities and/or working capital of the Group through the Disposals.

The terms of the SP Agreements were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the SP Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

FINANCIAL IMPACT OF THE DISPOSALS AND USE OF PROCEEDS

The net proceeds from the Disposals, after deducting the estimated expenses will be applied as general working capital of the Group. Accordingly, the Disposals will increase the working capital of the Group and in turn improve the liquidity and strengthen the overall financial position of the Group.

It is expected that the Company would recognise a gain on the Disposals of approximately HK\$2,980,000, being the difference between the acquisition costs of the Target Companies by the Group in 2017 and the total consideration of the Disposals minus the costs.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the GEM Listing Rules in respect of the Disposals as contemplated under the SP Agreements in aggregate exceed(s) 5% but less than 25%, the Disposals in aggregate constitute a discloseable transaction on the part of the Company and are therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

“Affluent Ally”	Affluent Ally Limited, a company established in the Republic of Seychelles with limited liability
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	KSL Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands whose issued shares are listed on the GEM
“Completion”	the completion of the Disposals under the SP Agreements
“Completion Date”	the date of Completion which will be any day within 2 calendar months from the date of this Agreement
“Directors”	the directors of the Company

“Disposal(s)”	the disposal of the Target Companies by Upscale Century to Triumphant Day pursuant to the SP Agreements
“Dragon Trillion”	Dragon Trillion Limited, a company established in the Republic of Seychelles with limited liability
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China
“Smart Pathway”	Smart Pathway Limited, a company established in the Republic of Seychelles with limited liability
“SP Agreement A”	the sale and purchase agreement dated 14 February 2018 entered into between Upscale Century and Triumphant Day in respect of the sale of the entire issued share capital of Dragon Trillion
“SP Agreement B”	the sale and purchase agreement dated 14 February 2018 entered into between Upscale Century and Triumphant Day in respect of the sale of the entire issued share capital of Affluent Ally
“SP Agreement C”	the sale and purchase agreement dated 14 February 2018 entered into between Upscale Century and Triumphant Day in respect of the sale of the entire issued share capital of Smart Pathway
“SP Agreements”	collectively, the SP Agreement A, the SP Agreement B and the SP Agreement C
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Dragon Trillion, Affluent Ally and Smart Pathway

“Triumphant Day”	Triumphant Day Limited, a company established in the Republic of Seychelles with limited liability
“Upscale Century”	Upscale Century Limited, a company established in the BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

By order of the Board
KSL Holdings Limited
Tong Jiangxia
Chairperson

Hong Kong, 14 February 2018

As at the date of this announcement, the executive Directors are Ms. Tong Jiangxia, Mr. Au Siu Chung, Mr. Long Jie, Mr. Yuan Shuang Shun and Ms. Xiao Yi Liao Ge; and the independent non-executive Directors are Mr. Tang Yiu Wing, Ms. Kwong Ka Ki and Mr. Yu Hua Chang.

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

This announcement will remain on the “Latest Company Announcements” page 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.