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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 2018**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Director(s)”) of KSL HOLDINGS LIMITED (the “Company”, together with its subsidiaries, collectively the “Group”) 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

### FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 30 APRIL 2018 (THE “RELEVANT PERIOD”)

- The Group’s revenue amounted to approximately HK\$32.8 million for the Relevant Period, remaining at a similar level as compared to the nine months ended 30 April 2017.
- The gross profit of the Group amounted to approximately HK\$4.2 million for the Relevant Period, representing a decrease of approximately HK\$4.1 million or approximately 49.4% as compared to the nine months ended 30 April 2017.
- The loss attributable to owners of the Company is approximately HK\$7.9 million for the Relevant Period, representing a decrease of approximately HK\$4.6 million or approximately 36.8% as compared to the nine months ended 30 April 2017, which is mainly due to the net effect of: 1) the decrease in gross profit as mentioned above; 2) the decrease in the fair value changes on financial assets at fair value through profit or loss of approximately HK\$3.5 million; and 3) the gain on the disposal of Dragon Trillion Limited, Affluent Ally Limited and Smart Pathway Limited, all being wholly-owned subsidiaries of the Company, during the Relevant Period.
- The basic and diluted loss per share for the Relevant Period was HK1.9 cents, representing a decrease of approximately 38.7% as compared to the basic and diluted loss per share for the nine months ended 30 April 2017.
- The Board does not recommend the payment of dividend for the Relevant Period.

## THIRD QUARTERLY RESULTS

The board (the “Board”) of Directors of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the Relevant Period, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the nine months ended 30 April 2018

	Notes	Nine months ended 30 April	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited) (restated)
Revenue	3	32,834	33,241
Cost of sales	4	<u>(28,660)</u>	<u>(24,905)</u>
Gross profit		4,174	8,336
Other income		2,042	1,995
Fair value changes on financial assets at fair value through profit or loss		(1,440)	(4,880)
Gain on disposal of subsidiaries		3,026	–
Administrative and other operating expenses		<u>(17,314)</u>	<u>(17,463)</u>
Loss before income tax		(9,512)	(12,012)
Income tax expense	5	<u>(244)</u>	<u>(350)</u>
Loss and total comprehensive expense for the period		<u><u>(9,756)</u></u>	<u><u>(12,362)</u></u>
Loss and total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(7,940)	(12,547)
Non-controlling interests		<u>(1,816)</u>	<u>185</u>
		<u><u>(9,756)</u></u>	<u><u>(12,362)</u></u>
		<b>HK cents</b>	<b>HK cents</b>
Basic and diluted loss per share	7	<u><u>(1.9)</u></u>	<u><u>(3.1)</u></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 2018

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 August 2016	4,112	24,394	78,743	107,249	442	107,691
(Loss)/profit and total comprehensive (expense)/income for the period	<u>—</u>	<u>—</u>	<u>(12,547)</u>	<u>(12,547)</u>	<u>185</u>	<u>(12,362)</u>
Transactions with owners:						
Acquisition of subsidiaries	—	—	—	—	(4)	(4)
Capital contribution by non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>396</u>	<u>396</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>392</u>	<u>392</u>
Balance at 30 April 2017 (unaudited)	<u>4,112</u>	<u>24,394</u>	<u>66,196</u>	<u>94,702</u>	<u>1,019</u>	<u>95,721</u>
Balance at 1 August 2017	4,112	24,394	67,356	95,862	(180)	95,682
Loss and total comprehensive expense for the period	<u>—</u>	<u>—</u>	<u>(7,940)</u>	<u>(7,940)</u>	<u>(1,816)</u>	<u>(9,756)</u>
Balance at 30 April 2018 (unaudited)	<u>4,112</u>	<u>24,394</u>	<u>59,416</u>	<u>87,922</u>	<u>(1,996)</u>	<u>85,926</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2018

## 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 headquarters and principal place of business in Hong Kong is located at Unit 1902, 19/F., Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong. The Company's issued ordinary shares of HK\$0.01 each have been listed and traded on GEM since 5 December 2014.

The principal activity of the Company is investment holding. The Group's principal activities are the provision of civil engineering consulting, contracting, project management and interior design services and decoration works in Hong Kong, including but not limited to geotechnical engineering works.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 April 2018 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 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 2018 are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 July 2017.

The unaudited condensed consolidated financial statements for the nine months ended 30 April 2018 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 2018 are presented in Hong Kong dollars ("HK\$"), which is the same functional currency of the Company.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2018

### 3. REVENUE

Revenue, which is also the Group's turnover, represents revenue derived from provision of engineering consulting, contracting, project management and interior design services and decoration works in the ordinary course of business. Revenue recognised during the nine months ended 30 April 2018 and 2017 are as follows:

	Nine months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Engineering consulting	989	9,793
Contracting	9,449	—
Project management	—	750
Interior design and decoration	22,247	22,212
Others	149	486
	<u>32,834</u>	<u>33,241</u>

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.

Contracting: Provision of undertaking general building works as contractor.

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

Interior design and decoration: Provision of interior design services and decoration works.

Others: Provision of financial public relation services in Hong Kong.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2018

### 4. COST OF SALES

	Nine months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Staff costs	1,300	4,941
Subcontracting charges	21,562	10,795
Direct materials	5,291	5,684
Other expenses	507	3,485
	<u>28,660</u>	<u>24,905</u>

### 5. INCOME TAX EXPENSE

	Nine months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong profits tax	<u>244</u>	<u>350</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 Relevant Period (Nine months ended 30 April 2017: Nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 April 2018

### 7. LOSS PER SHARE

The calculations of basic loss per share for the nine months ended 30 April 2018 and 2017 are based on the following:

	Nine months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Loss:</b>		
Loss for the purpose of calculating basic loss per share (loss for the period attributable to owners of the Company)	<u>(7,940)</u>	<u>(12,547)</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>411,200,000</u>	<u>411,200,000</u>

No diluted loss per share was presented as there were no potential ordinary shares in issue during the Relevant Period (Nine months ended 30 April 2017: Nil).

### 8. COMPARATIVE FIGURES

In order to conform to the current period's presentation, certain items in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 April 2017 have been reclassified. Reclassification adjustment is made to reclassify administrative and other operating expenses of approximately HK\$4.88 million to fair value changes on financial assets at fair value through profit or loss and such reclassification has no impact on the Group's loss for the nine months ended 30 April 2017.

	Amount originally stated For the nine months ended 30 April 2017 HK\$'000	Reclassification For the nine months ended 30 April 2017 HK\$'000	Amount as restated For the nine months ended 30 April 2017 HK\$'000
Fair value changes on financial assets at fair value through profit or loss	—	(4,880)	(4,880)
Administrative and other operating expenses	<u>(22,343)</u>	<u>4,880</u>	<u>(17,463)</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

We are principally engaged in the provision of civil engineering consulting, contracting, project management and interior design and decoration services in Hong Kong, including but not limited to geotechnical engineering works. The civil 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.

On 14 February 2018, Upscale Century Limited (a wholly-owned subsidiary of the Company) entered into three separate sale and purchase agreements with Triumphant Day Limited, pursuant to which Upscale Century Limited agreed to sell and Triumphant Day Limited agreed to acquire from Upscale Century Limited the entire issued share capital of each of Dragon Trillion Limited, Affluent Ally Limited and Smart Pathway Limited (all being wholly-owned subsidiaries of the Company previously), at the consideration of HK\$9,000,000, HK\$7,000,000 and HK\$6,000,000, respectively (the “Disposal”). Completion of the Disposal took place on 13 April 2018.

The Directors are also cautiously monitoring the overall construction costs with respect to the works undertaken by the Group as contractor which can be affected by many factors including but not limited to the overall market conditions, costs in the construction industry and the overall economy in Hong Kong.

Going forward, in developing the Group’s contracting, interior design services and decoration business, the Directors will continue to seek opportunities to gain more new customers and obtain new projects in order to strengthen its customers and revenue base, as well as carefully evaluate the potential costs and the engineering circumstances pertaining to different potential projects with a view to controlling the Group’s overall costs to an acceptable and satisfactory level.

In order to expand the Group’s business in the People’s Republic of China (“PRC”), the Group submitted an application for the establishment of a wholly foreign-owned enterprise (the “WFOE”) in Qianhai District, Shenzhen, the PRC. It is intended that the WFOE will be engaged in the business of, among other things, provision of sharing office service to small to medium sized enterprises in the PRC. The establishment of the WFOE was completed in May 2018. The Group will periodically consider different business opportunities to increase the return of the shareholders of the Company (the “Shareholders”).

### FINANCIAL REVIEW

#### Revenue

Our revenue remained at a similar level to the same period last year. The increase in the Group’s revenue derived from the provision of contracting services during the Relevant Period was offset by the decrease in the Group’s revenue derived from the provision of engineering consulting services during the Relevant Period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Cost of Sales**

Our cost of sales increased from approximately HK\$24.9 million for the nine months ended 30 April 2017 to approximately HK\$28.7 million for the Relevant Period, representing an increase of approximately 15.3%. Such increase was mainly attributable to the increase in subcontracting charges as a result of the increase of revenue derived from the provision of contracting services during the Relevant Period. The increase is partially offset by the substantial decrease in its direct staff costs incurred during the Relevant Period due to the significant decrease in the number of engineering staff as a result of the downturn of the provision of engineering consulting services. Consequently, the Group recorded an increase in its cost of sales, which led to a decrease in the Group's gross profit margin from approximately 25.1% for the nine months ended 30 April 2017 to approximately 12.7% for the Relevant Period.

### **Gross Profit**

Our gross profit decreased from approximately HK\$8.3 million for the nine months ended 30 April 2017 to HK\$4.2 million for the Relevant Period, representing a decrease of approximately 49.4%, as a result of the increase in our cost of sales as discussed above.

### **Other Income**

Our other income remained at a similar level to the same period last year. Our other income during the Relevant Period mainly represented the interest income derived from a loan to an independent third party which amounted to approximately HK\$1.6 million.

### **Fair Value Changes on Financial Assets at Fair Value through Profit or Loss**

For the nine months ended 30 April 2017 and 2018, the fair value changes on financial assets at fair value through profit or loss amounted to loss of approximately HK\$4.9 million and HK\$1.4 million respectively, representing a decrease of approximately 71.4%.

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

Our administrative and other operating expenses for the Relevant Period remained at a similar level to the same period last year which amounted to approximately HK\$17.3 million.

### **Income Tax Expense**

For the nine months ended 30 April 2017 and 2018, our income tax expense amounted to approximately HK\$350,000 and HK\$244,000, respectively, representing a decrease of approximately 30.3%. Such decrease was primarily due to the decrease in profit before income tax from the interior design and decoration segment for the Relevant Period, as a result of the increase in the cost of sales of the segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Loss for the Period

As a result of the aforesaid, the Group has recorded a loss and total comprehensive loss for the Relevant Period attributable to owners of the Company which was decreased from approximately HK\$12.5 million for the nine months ended 30 April 2017 to approximately HK\$7.9 million for the Relevant Period, representing a decrease of approximately 36.8%.

### Dividend

The Board does not recommend the payment of dividend for the Relevant Period (Nine months ended 30 April 2017: Nil).

## DISCLOSURE OF INTERESTS

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

As at 30 April 2018, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company (the "Shares") or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or are otherwise required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to the GEM Listing Rules.

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

As at 30 April 2018, so far as was known to the Directors, the interests and short positions of the following persons (other than the Directors or chief executive of the Company) or entities which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Names of Shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Huang Xiao Fang (Note 2)	Interest in a controlled corporation	94,534,000	22.99%
Sonic Solutions Limited (Note 2)	Beneficial owner	94,534,000	22.99%
Jing Shiqi (Note 3)	Interest in a controlled corporation	60,000,000	14.59%
Wealth Triumph Corporation (Note 3)	Beneficial owner	60,000,000	14.59%
Pan Guorong	Beneficial owner	30,000,000	7.30%
Liu Guo Ping	Beneficial owner	54,833,000	13.33%
Li Song	Beneficial owner	34,738,000	8.45%

## MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Interests in Shares stated above represent long positions.
2. 94,534,000 Shares are held by Sonic Solutions Limited as a beneficial owner. The entire issued share capital of Sonic Solutions Limited is wholly-owned by Huang Xiao Fang. As such, Huang Xiao Fang is deemed to be interested in 94,534,000 Shares held by Sonic Solutions Limited.
3. Jing Shiqi beneficially owns the entire issued share capital of Wealth Triumph Corporation which in turns hold 60,000,000 Shares. As such, Jing Shiqi is deemed, or taken to be, interested in all the Shares held by Wealth Triumph Corporation for the purposes of the SFO. Jing Shiqi is the sole director of Wealth Triumph Corporation.

Save as disclosed above, as at 30 April 2018, no person, other than the Directors and chief executive of the Company whose interests are set out in the section “Disclosure of Interest” 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.

Having made specific enquiry to an Directors and Substantial Shareholders, during the Relevant Period, none of the Directors, the controlling shareholders and substantial shareholders, 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.

### PURCHASE, SALES OF REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Relevant Period 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 Relevant Period 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 Relevant Period 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 option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 April 2018.

## 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 three members, namely Ms. Kwong Ka Ki, Mr. Yu Hua Chang and Ms. Guo Liying (appointed on 21 May 2018), all being independent non-executive Directors. Ms. Kwong Ka Ki currently serves as the chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Relevant Period.

By order of the Board  
KSL Holdings Limited  
Tong Jiangxia  
*Chairperson*

Hong Kong, 12 June 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 Ms. Guo Liying, Ms. Kwong Ka Ki and Mr. Yu Hua Chang.*