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KSL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8170)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 JULY 2018

References are made to the announcement (the “**Annual Results Announcement**”) dated 26 October 2018 and the annual report for the year ended 31 July 2018 (the “**Annual Report**”) of KSL Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Capitalised terms used herein shall have the same meanings as defined in the Annual Results Announcement and the Annual Report unless the context requires otherwise.

In addition to the information disclosed in the Annual Results Announcement and the Annual Report, the Directors would like to provide the Shareholders and the market with the following supplemental information:

REVENUE AND SEGMENT INFORMATION

(1) Engineering consulting

The reasons and circumstances leading to the significant decrease in revenue of the engineering consulting business of the Group for the year ended 31 July 2018 (the “**Year**”) include the following:

- (i) the filibustering in the Hong Kong Legislative Council (the “**Filibustering**”) continued in and throughout the Year which significantly impeded the award of engineering contracts by the HKSAR Government;
- (ii) the inability to expand the customer base of the Company during the Year; and
- (iii) several key experts and experienced consultants who were responsible for the Company’s engineering consulting service resigned during the Year and that the Company has yet to identify suitable replacements.

As a result of the above reasons, the performance of the Company's engineering consulting business was adversely affected and accordingly, the Company recorded a significant decrease in the revenue from its engineering consulting business during the Year.

(2) Project management and contracting

The reasons and circumstances leading to the zero revenue attributable to the Company's project management business and the downsizing of the contracting segment since 2015 include the following:

- (i) the project management contracts obtained by the Company in previous years have not entered into payback period;
- (ii) the inability to obtain new project management contracts during the Year, and consequently, the Company could not record any revenue in its project management segment during the Year; and
- (iii) the entire engineering industry in Hong Kong has indeed been shrinking due to the prolonged debate as a result of the Filibustering since 2015.

(3) Interior design and decoration

The Company provides its interior design and decoration services mainly through a joint venture company, New Brio Engineering Limited (the "**JV Company**"), which was incorporated on 19 May 2016 and is held as to 51% by the Company and as to 49% by Global Sky World Limited. The scope of the interior design and decoration business of the Company covers interior design and decoration services for private offices and residential properties, and other small-scaled projects.

The key personnel of the JV Company is Mr. Yeung Wing Yan ("**Mr. Yeung**") who is also the sole director and sole shareholder of Global Sky World Limited. Mr. Yeung is an experienced expert in the interior design and decoration field and he has constantly offered supports and valuable contributions to the Company for building up the business network and improving the financial performance of the JV Company.

In particular, the in-house design department of the Company is mainly responsible for the residential interior design projects. For decoration services of private offices and residential properties, and other small-scaled projects, the project managers of the Company (the “**Project Managers**”) are responsible for identifying suitable vendors and suppliers across different fields for providing resources and services such as fire safety equipment, air-conditioning and mechanical ventilation system, interior fitting-out and electrical works, etc. The Company has outsourced the relevant tasks to the appropriate vendors and suppliers under the supervision of the Project Managers in order to reach customers’ expectation.

The interior design and decoration segment of the Company maintained a steady growth over the past 2 years. The revenue increased from approximately HK\$917,000 for the year ended 31 July 2016 to approximately HK\$23,421,000 for the year ended 31 July 2017 and subsequently increased to approximately HK\$26,326,000 for the Year.

FUTURE BUSINESS PLAN

The Board has been well aware of the unsatisfactory financial performance of the Company in recent years and strives to maximise the overall returns of the Company in the long run by identifying and selecting new business opportunities which are of great potentials to enrich the Company’s new and existing business portfolio. The Company has been looking for new opportunities in the market and strives to bring in new lines of businesses to the Company in the foreseeable future.

After having internal assessment on the performance of each of the existing segments of the Company, the Company foresees that Hong Kong’s engineering industry in the coming years will continue to be challenging notwithstanding the fact that the HKSAR Government has implemented different policies such as “Long Term Housing Strategies” and “Lantau Tomorrow” in the Chief Executive’s 2018 Policy Address on 10 October 2018, which may in turn revitalise Hong Kong’s engineering industry. In light of the aforesaid, the Company will on one hand optimistically operate the existing businesses of the Company and on the other hand, cautiously monitoring its operating costs and expenses, allocating more financial resources to the newly established businesses of the Company and looking for new business opportunities for the Company so as to increase the returns to the Group and the Shareholders.

INFORMATION ON SIGNIFICANT BALANCE OF CASH AND CASH EQUIVALENTS

Application of the Proceeds of the Placing

As at 31 July 2018, the Company had utilised in aggregate approximately HK\$10,981,000 out of the total net proceeds of approximately HK\$22,200,000 (the “**Proceeds**”) derived from the Company’s placing in 2014. The Proceeds have been applied in accordance with the intended uses as previously disclosed in the Company’s prospectus of 28 November 2014 (the “**Prospectus**”). As the Company has been cautiously monitoring on its costs and expenses, the actual amount used in the applications of the Proceeds was less than the budgeted amount of the Proceeds as detailed in the Prospectus. Details of the actual application of the Proceeds are as follows:

Intended uses of the Proceeds as disclosed in the Prospectus	Planned use of the Proceeds as disclosed in the Prospectus <i>HK\$</i> <i>(approximately)</i>	Actual use of the Proceeds up to 31 July 2018 <i>HK\$</i> <i>(approximately)</i>	Actual use of the Proceeds for the Year <i>HK\$</i> <i>(approximately)</i>
(1) Further developing the contracting business of the Company	15,000,000	8,070,000	670,000
(2) Strengthening in-house team of engineering staff of the Company	5,000,000	2,064,000	522,000
(3) Developing more efficient in-house computer programs of the Company	2,000,000	847,000	119,000
Total	22,000,000	10,981,000	1,311,000

As at 31 July 2018, the unutilised Proceeds amounted to approximately HK\$11,019,000 excluding approximately HK\$200,000 being the planned use of general working capital as stated in the Prospectus. The Company intends to apply the said unutilised Proceeds as follows:

- (a) approximately HK\$4,000,000 for the general working capital of the Company; and
- (b) approximately HK\$7,019,000 for the investment on the new business of the Company in relation to the provision of sharing service in the PRC.

The Company is aware that the abovementioned purpose (b) is inconsistent with the intended uses of the Proceeds as stated in the Prospectus and may lead to a change of use of the Proceeds. In case the unutilised Proceeds is applied in accordance with the aforesaid purpose, the Company will seek the approval from the Board and make appropriate announcement in relation to the change of use of the Proceeds as and when necessary in accordance with the Listing Rules before the application of the unutilised Proceeds.

Breakdown on the Intended Use of the Cash and Cash Equivalents

The Company intends to maintain a minimum of cash or cash equivalent reserves in the Company of approximately HK\$20 million, being 30% of the remaining cash and cash equivalent for the Year, as the general working capital of the Company. Save for the reserved cash of approximately HK\$20 million, the remaining balance of cash or cash equivalent reserves will be applied for the development of the new business of provision of sharing service in the PRC so as to diversify the investment and business risk of the Company.

The additional information set out above does not affect other information contained in the Announcement and the Annual Report.

By order of the Board
KSL Holdings Limited
Lin Ye
Chairman

Hong Kong, 4 December 2018

As at the date of this announcement, the executive Directors are Mr. Lin Ye, 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. Kwong Ka Ki, Mr. Yu Hua Chang and Ms. Guo Liying.

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 GEM website for at least 7 days from the date of its posting and on the Company’s website at www.kslholdings.com.