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KSL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8170)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2014

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.

Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as those defined in the prospectus dated 28 November 2014 (the "Prospectus") of the Company.

FINANCIAL HIGHLIGHT

- The Group's revenue amounted to HK\$30.5 million for the three months ended 31 October 2014, representing an increase of HK\$17.7 million or 137.7% as compared with the three months ended 31 October 2013.
- The profit attributable to owners of the Company is HK\$8.3 million for the three months ended 31 October 2014, representing an increase of HK\$2.6 million or 46.0% as compared with the three months ended 31 October 2013 mainly due to increase in income from our contracting business with the increase in number of contracting projects undertaken by the Group during the three months ended 31 October 2014.
- Interim dividends of HK\$22,590,000 were declared and paid to the then shareholder of VLA, KSL Engineering and CRPD in September 2014.

FIRST 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 three months ended 31 October 2014, together with the unaudited comparative figures for the corresponding period in 2013, as follows:

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

For the three months ended 31 October 2014

| | Notes | Three months ended 31 October | |
|---|-------|----------------------------------|--------------------------|
| | | 2014 | 2013 |
| | | HK\$' 000 (Unaudited) | HK\$' 000 (Unaudited) |
| Revenue | 3 | 30,536 | 12,845 |
| Cost of sales | 4 | <u>(15,414)</u> | <u>(4,089)</u> |
| Gross profit | | 15,122 | 8,756 |
| Other income | | 34 | 111 |
| Administrative and other operating expenses | | <u>(4,453)</u> | <u>(1,915)</u> |
| Operating profit | | 10,703 | 6,952 |
| Finance costs | | <u>(44)</u> | <u>(43)</u> |
| Profit before income tax | | 10,659 | 6,909 |
| Income tax expense | 5 | <u>(2,322)</u> | <u>(1,197)</u> |
| Profit and total comprehensive income for the period attributable to owners of the Company | | <u><u>8,337</u></u> | <u><u>5,712</u></u> |
| | | HK cents | HK cents |
| Basic and diluted earnings per share | 7 | <u><u>2.3</u></u> | <u><u>1.6</u></u> |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 October 2014

| | Combined capital HK\$' 000 | Retained earnings HK\$' 000 | Total HK\$' 000 |
|---|----------------------------------|-----------------------------------|--------------------|
| Balance at 1 August 2014 | 20 | 52,810 | 52,830 |
| Profit and total comprehensive income for the period | — | 8,337 | 8,337 |
| Dividend declared | — | (22,590) | (22,590) |
| Balance at 31 October 2014 (unaudited) | <u>20</u> | <u>38,557</u> | <u>38,577</u> |
| Balance at 1 August 2013 (Note 1) | 20 | 27,852 | 27,872 |
| Profit and total comprehensive income for the period | — | 5,712 | 5,712 |
| Balance at 31 October 2013 (unaudited) | <u>20</u> | <u>33,564</u> | <u>33,584</u> |

Note:

1. For the purpose of the preparation of the condensed consolidated statement of changes in equity, the balance of the combined capital at 31 October 2013 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 three months ended 31 October 2014

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 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 three months ended 31 October 2014 have been prepared by our Directors in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the 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 three months ended 31 October 2014 are consistent with those adopted in the Accountants' Report of the Company for the year ended 31 July 2014.

The financial statements for the three months ended 31 October 2014 have not been audited by the Company's independent auditors, but have been reviewed by the Company's Audit Committee.

The financial statements for the three months ended 31 October 2014 are presented in Hong Kong dollars ("HK\$"), which is the same functional currency of the Company.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents receipts from provision of engineering consulting, contracting and project management services in the ordinary course of business. Revenue recognised during the three months ended 31 October 2014 are as follows:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2014

3. REVENUE AND SEGMENT INFORMATION – *continued*

| | Three months ended | |
|------------------------|--------------------|---------------|
| | 31 October | |
| | 2014 | 2013 |
| | HK\$' 000 | HK\$' 000 |
| | (Unaudited) | (Unaudited) |
| Engineering consulting | 10,410 | 9,782 |
| Contracting | 18,593 | 902 |
| Project management | 1,500 | 2,160 |
| Others | 33 | 1 |
| | <u>30,536</u> | <u>12,845</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 foundation and related geotechnical works as 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2014

4. COST OF SALES

| | Three months ended 31 October | |
|------------------------|----------------------------------|----------------------------------|
| | 2014 HK\$' 000 (Unaudited) | 2013 HK\$' 000 (Unaudited) |
| Staff costs | 3,155 | 2,374 |
| Subcontracting charges | 11,615 | 1,271 |
| Other expenses | 644 | 444 |
| | <u>15,414</u> | <u>4,089</u> |

5. INCOME TAX EXPENSE

| | Three months ended 31 October | |
|-----------------------|----------------------------------|----------------------------------|
| | 2014 HK\$' 000 (Unaudited) | 2013 HK\$' 000 (Unaudited) |
| Hong Kong profits tax | <u>2,322</u> | <u>1,197</u> |
| | <u>2,322</u> | <u>1,197</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

Interim dividends of HK\$22,590,000 were declared and paid to the then shareholder of VLA, KSL Engineering and CRPD in September 2014.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 October 2014

7. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months ended 31 October 2014 are based on the followings:

| | Three months ended | |
|---|--------------------|-------------|
| | 31 October | |
| | 2014 | 2013 |
| | HK\$' 000 | HK\$' 000 |
| | (Unaudited) | (Unaudited) |
| Earnings: | | |
| Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company) | 8,337 | 5,712 |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 359,800,000 | 359,800,000 |

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 2013.

No diluted earnings per share was presented as there was no potential ordinary shares in issue during the periods under review.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$12.8 million for the three months ended 31 October 2013 to approximately HK\$30.5 million for the three months ended 31 October 2014, representing a growth of approximately 137.7%. 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 the Group during the period.

Cost of Sales

Our cost of sales increased from approximately HK\$4.1 million for the three months ended 31 October 2013 to approximately HK\$15.4 million for the three months ended 31 October 2014, representing an increase of approximately 277.0%. Such increase was mainly attributable to the increase in our subcontracting charges with the increase in number of contracting projects undertaken by the Group during the period.

Gross Profit

Our gross profit amounted to approximately HK\$8.8 million and HK\$15.1 million for the three months ended 31 October 2013 and 2014 respectively, representing a growth of approximately 72.7%, as a result of the increase in our revenue as discussed above.

Other Income

Our other income amounted to approximately HK\$111,000 and HK\$34,000 for the three months ended 31 October 2013 and 2014 respectively, representing a decrease of approximately 69.4%, which was primarily because of the decrease in government subsidies for staff's training.

Administrative and Other Operating Expenses

Our administrative and other operating expenses amounted to approximately HK\$1.9 million and HK\$4.5 million for the three months ended 31 October 2013 and 2014 respectively, representing an increase of approximately 132.5%. Such increase was primarily due to the listing expenses of approximately HK\$2.0 million incurred during the three months ended 31 October 2014 (2013: nil).

Finance Costs

For the three months ended 31 October 2013 and 2014, our finance costs amounted to approximately HK\$43,000 and HK\$44,000 respectively, representing an increase of approximately 2.3%. Such increase was mainly due to the combined effect of (i) the reduction in our interest expense on bank borrowing from approximately HK\$43,000 for the three months ended 31 October 2013 to approximately HK\$40,000 for the three months ended 31 October 2014 as a result of the decrease in bank borrowing according to the repayment schedule; and (ii) the increase in interest on finance lease from nil for the three months ended 31 October 2013 to approximately HK\$4,000 for the three months ended 31 October 2014 mainly because of the purchase of our motor vehicle by way of finance lease arrangement.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

For the three months ended 31 October 2013 and 2014, our income tax expenses amounted to approximately HK\$1.2 million and HK\$2.3 million respectively, representing an increase of approximately 94.0%. Such increase was primarily due to the increase in profit for the period which was consistent with the increase in revenue for the period.

Profit for the Period

As a result of the aforesaid and in particular our increase in revenue and increase in cost of sales as discussed above, our profit and total comprehensive income for the period attributable to owners of our Company increased from approximately HK\$5.7 million for the three months ended 31 October 2013 to approximately HK\$8.3 million for the three months ended 31 October 2014, representing an increase of approximately 46.0%. Had the listing expenses of HK\$2.0 million not incurred, the net profit of the Group would have been HK\$10.3 million for the three months ended 31 October 2014, representing a purported growth of 80.4% as compared to the same period in 2013.

Dividend

Interim dividends of HK\$22,590,000 were declared and paid to the then shareholder of VLA, KSL Engineering and CRPD in September 2014.

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\$22.2 million after deduction of listing-related expenses. As of the date of this announcement, we have not utilised any net proceeds from the Placing.

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 the increase in our revenue for the three months ended 31 October 2014 as compared to the same period in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, our Group will continue to pursue the following key business strategies: (i) further developing our contracting business by making use of additional financial resources available after receiving the net proceeds from the Placing to undertake more geotechnical engineering projects, as the aggregate number and size of projects that we are able to undertake in our contracting business hinges on the amount of our available working capital in view of the time lags that often exist between making payments to our subcontractors and receiving payments from our customers and the possible requirements for surety bonds; (ii) further strengthening our in-house team of engineering staff by recruiting additional qualified and experienced engineers in order to cope with our business development and our plan to further develop for our contracting business and by providing more training opportunities to our engineering staff; and (iii) developing more efficient in-house computer programs for use in developing engineering designs for our engineering consulting and contracting businesses by upgrading some of our engineering computer programs and recruiting a dedicated in-house information technology officer.

DISCLOSURE OF INTERESTS

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

As the Company's shares were not listed on the GEM as at 31 October 2014, none of the Directors and the chief executive who had an interest and short positions in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) 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.

As at the date of the listing of the Company's shares on the GEM on 5 December 2014 (the "Listing Date"), the interest and short positions of the Directors and chief executives in 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 were as follows:-

(i) Long Position in the Company's Shares

| Name of Director | Capacity/Nature | Number of Shares held/ interested in | Percentage of shareholding |
|--------------------------|------------------------------------|--------------------------------------|----------------------------|
| Dr. Li Kai Shun (Note 1) | Interest in controlled corporation | 308,400,000 | 75% |

Note:

1. As at the Listing Date, 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 the Listing Date, 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 the Company's shares were not listed on the GEM as at 31 October 2014, no person (other than the Directors or chief executive of the Company) or company who or which had an interest and short position in shares or underlying shares of the Company was required to be recorded in the register required to be kept under Section 336 of the SFO.

As at the Listing Date, 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 | Percentage of total issued share capital of the Company |
|--------------------------|------------------------------------|--------------------------------------|---------------------|---|
| Dr. Li (Note 1) | Interest in controlled corporation | 308,400,000 | Long | 75% |
| Ms. Lam Joley (Note 2) | Interest of spouse | 308,400,000 | Long | 75% |
| Sonic Solutions (Note 1) | Beneficial owner | 308,400,000 | Long | 75% |

Notes:

- As at the Listing Date, 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 the Listing Date, 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.

COMPETING INTERESTS

During the three months period ended 31 October 2014 and up to the date of this report, none of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the 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.

INTEREST OF COMPLIANCE ADVISOR

As at 31 October 2014, 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 on 18 September 2014, neither the Compliance Advisor nor its directors, employees or associates had any interests in relation to 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

Since the Listing Date 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

Since the Listing Date 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 since the Listing Date to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

Interim dividends of HK\$22,590,000 were declared and paid to the then shareholder of VLA, KSL Engineering and CRPD in September 2014 (2013: nil).

SHARE OPTION SCHEME

The Company 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.

Since the Scheme was adopted after 31 October 2014, no share option was outstanding as at 31 October 2014. As at the date of this announcement, there was no share option outstanding.

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 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 Mr. Ong Chi King, Mr. Ho Ho Ming and Mr. Ko Chi Keung, 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 consolidated financial statements of the Group for the three months ended 31 October 2014.

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

Hong Kong, 15 December 2014

As at the date of this announcement, the executive Directors are Dr. LI Kai Shun, Mr. TAM Yi Shek, Mr. CHAN Kin Pong and Mr. TSANG Siu Wah; 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 this posting. This announcement will also be posted on the Company’s website at www.kslholdings.com.