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KSL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8170)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN A PRC COMPANY

THE ACQUISITION

The Board is pleased to announce that on 17 September 2018 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell 100% equity interest in the Target Company for the Consideration of HK\$11,648,400.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 17 September 2018 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell 100% equity interest in the Target Company for the Consideration of HK\$11,648,400.

THE EQUITY TRANSFER AGREEMENT

Date

17 September 2018

Parties

- (i) the Purchaser; and
- (ii) the Vendor

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, each of the Vendor and the Target Company is an Independent Third Party.

Subject of the Acquisition

Pursuant to the terms of the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase 100% equity interest in the Target Company from the Vendor at the Consideration of HK\$11,648,400. The entire equity interest of the Target Company was held by the Vendor prior to the Acquisition.

As at the date of this announcement, the Target Company had a registered capital of RMB10,000,000 (equivalent to approximately HK\$11,420,000), which was fully paid up.

Consideration

The Consideration for the Acquisition is HK\$11,648,400 and shall be settled in cash in the following manners and conditions:

- (i) within 7 Business Days after the signing of the Equity Transfer Agreement, the Purchaser shall pay a deposit of HK\$1,164,840 into a bank account (the “**Designated Account**”) designated by the Vendor (the “**First Installment**”);
- (ii) on the Completion Date, the Purchaser shall pay the second installment of HK\$9,901,140 to the Designated Account (the “**Second Installment**”); and
- (iii) if the Purchaser is satisfied that within 6 months from the Completion Date, no equity-related issue of the Target Company which was inconsistent with those disclosed on the Benchmark Date arises and no non-disclosed liability which had arisen before the Benchmark Date is discovered, the Purchaser shall pay the final installment of HK\$582,420 to the Designated Account within 7 Business Days thereafter.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into consideration (i) the reasons for the Acquisition as detailed in the paragraph headed "Reasons for and benefits of the Acquisition" in this announcement; (ii) the current financial position of the Target Company; (iii) the potential growth of the Target Company; and (iv) the valuation of 100% equity interest in the Target Company, performed by an independent professional valuer on a net assets value approach, of RMB10,200,000 (equivalent to approximately HK\$11,648,400) as at 31 July 2018.

The Consideration is expected to be financed by the internal resources of the Group.

Takeover of Management, Asset Transfer and Financial Inventory

The takeover of the management of the Target Company shall commence within 7 Business Days after payment of the First Installment and be completed within 10 Business Days after payment of the Second Installment by the Purchaser and that the assets transfer and the financial inventory shall be completed within 20 Business Days after the payment of the First Installment.

Completion

Pursuant to the Equity Transfer Agreement, the Completion shall take place on the date of completion of the takeover of management, the financial inventory, the exchange of corporate documents and chops, the asset transfer, the employees arrangement of the Target Company and the industrial and commercial registration in relation to the Acquisition.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Company and the Purchaser

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.

The Purchaser is a company established in the PRC with limited liability on 23 May 2018. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in the manufacture of communication equipment and calculators and the provision of network information, technical consulting and technology transfer services in the PRC.

The Vendor

The Vendor is a PRC resident. The entire equity interest of the Target Company was held by the Vendor prior to the Acquisition.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company was established in the PRC with limited liability on 14 December 2015 and is principally engaged in entrusted asset management, investment management, equity investment and the provision of investment, corporate management and economic information consulting services in the PRC.

As at the date of this announcement, the Target Company had a registered capital of RMB10,000,000 (equivalent to approximately HK\$11,420,000), which was fully paid up. The entire equity interest of the Target Company was held by the Vendor prior to the Acquisition.

Set out below is the audited financial information of the Target Company for the two years ended 31 December 2016 and 2017 prepared according to the PRC accounting standards:

	For the year ended 31 December 2017 (RMB)	For the year ended 31 December 2016 (RMB)
Net profit before tax	13,702	—
Net profit after tax	10,276	—

The total assets value and net liability value of the Target Company as at 31 July 2018 according to its unaudited management accounts were approximately RMB14,855,002 (equivalent to approximately HK\$16,964,412) and RMB4,806,459 (equivalent to approximately HK\$5,488,976) respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Despite the Board is optimistic in its engineering business, in order to provide a stable income stream to the business of the Group, the Group has been actively exploring for business opportunities in the PRC. As disclosed in the announcement of the Company dated 8 February 2018, the Company intended to engage in the business of the provision of sharing office service to small to medium sized enterprises in the PRC.

As the Target Company possesses the expertise in investment and asset management and has a broad client base, the Board believes that the Acquisition will allow the Group to tap into the business of the provision of sharing office service more smoothly by leveraging the competitive edge of the Target Company. Accordingly, the Board considers that the Acquisition will broaden the Group's business spectrum in a long run which will enhance the future returns to the Group.

Having considered the above, the Directors consider that the terms and conditions of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the entire interest in the Target Company as contemplated under the Equity Transfer Agreement
“Benchmark Date”	31 July 2018
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in the PRC are open for normal banking business throughout their normal business hours (excluding Saturdays, Sundays and public holidays)
“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 Acquisition under the Equity Transfer Agreement

“Completion Date”	the day on which the Completion shall take place pursuant to the terms and conditions of the Equity Transfer Agreement
“Consideration”	the aggregate consideration payable by the Purchaser under the Equity Transfer Agreement in an amount of HK\$11,648,400
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 17 September 2018 entered into among the Purchaser, the Vendor and the Target Company in respect of the Acquisition
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange, as amended from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and is not connected person (as defined under the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Fuqingyuan Technology Co., Ltd (深圳市福清源科技有限公司), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Shenzhen Zhongshengguotou Assets Management Co., Ltd (深圳中深國投資產管理有限公司), a company established in the PRC with limited liability
“Vendor”	Mr. Wang Longzuo (王隆祚), a PRC resident
“%”	per cent.

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail. Unless otherwise specified, for the purpose of this announcement and for the purpose of illustration only, Hong Kong dollar amounts have been translated using following rates:

RMB1 = HK\$1.142. No representation is made that any amount in RMB or HK\$ was or could have been converted at the above rate or at any other rates or at all.

By Order of the Board of
KSL Holdings Limited
Tong Jiangxia
Chairperson

Hong Kong, 17 September 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange 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.