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KWAN ON HOLDINGS

均安控股

KWAN ON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1559)

DISCLOSESABLE TRANSACTION ACQUISITION OF A PROPERTY

The Board wishes to announce that on 30 November 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Vendor to acquire the Property at a consideration of HK\$30,000,000 (the “**Acquisition**”).

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of Kwan On Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that on 30 November 2016, a preliminary sale and purchase agreement (the “**Preliminary Agreement**”) in relation to the acquisition of Unit 1 on 34th Floor, 118 Connaught Road West, Hong Kong (the “**Property**”) at the purchase price of HK\$30,000,000 (the “**Purchase Price**”) was entered into between Alpha Gold Investments Limited, a wholly-owned subsidiary of the Company incorporated in the Republic of Seychelles (the “**Purchaser**”) and Wah Wai Tai (Hong Kong) Commercial Company Limited, an independent third party (the “**Vendor**”). The Property shall be sold to the Purchaser on an “as is” basis. Upon Completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

The principal terms of the Preliminary Agreement are set out below.

Preliminary Agreement

Date : 30 November 2016

Parties : The Vendor, as vendor
The Purchaser, as purchaser

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor, its directors and its beneficial owner(s) are independent of, and not connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

Property to be acquired : Unit 1 on 34th Floor, 118 Connaught Road West, Hong Kong

Consideration : HK\$30,000,000

Stamp duty : Payable by the Purchaser solely

Purchase Price

The Purchase Price was determined after arm’s length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into account the market price of similar properties of similar size, character and location. No formal valuation has been conducted in respect of the Property at the time of entering into the Preliminary Agreement.

The Purchase Price is to be satisfied by the Purchaser in cash in the following manner:

- (a) HK\$1,000,000 was paid to the Vendor upon signing of the Preliminary Agreement as deposit;
- (b) HK\$2,000,000 is to be paid on or before 13 December 2016 as further deposit; and
- (c) the remaining balance of the Purchase Price of HK\$27,000,000 is to be paid upon completion of the Acquisition which is expected to take place on or before 15 March 2017.

The Purchase Price is intended to be financed by the Group’s internal resources and/or mortgage from a bank.

Formal Agreement

Pursuant to the Preliminary Agreement, the Vendor and the Purchaser shall enter into a formal agreement for sale and purchase on or before 13 December 2016.

Completion

Completion of the Acquisition shall take place on or before 15 March 2017.

INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company and its principal activity is investment holding. The Company is the holding company of the Group and the Group is principally engaged in the provision of (i) waterworks engineering services; (ii) road works and drainage services and site formation works; (iii) landslip preventive and mitigation works to slopes and retaining walls services; and (iv) building works as a contractor in Hong Kong.

REASONS FOR THE ACQUISITION

The Group intends to use the Property as head office upon completion of the Acquisition. The Board considers that the Acquisition would enable the Group to achieve a considerable rental savings and would strength the asset base of the Group.

On the above basis, the Board is of the view that the terms of the Preliminary Agreement and the Acquisition are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

By order of the Board
Kwan On Holdings Limited
Wong Yee Tung, Tony
Managing Director

Hong Kong, 2 December 2016

As at the date of this announcement, the Executive Directors are Mr. Wong Yee Tung, Tony, Mr. Kwong Wing Kie and Mr. Wong Wa; and the Independent Non-Executive Directors are Professor Ho Ho Ming, Professor Lam Sing Kwong, Simon and Mr. Lum Pak Sum.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 website of The Stock Exchange of Hong Kong Limited 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.kwanonconstruction.com.