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KWAN ON HOLDINGS

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## **KWAN ON HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1559)**

### **VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE**

Reference is made to the announcement of Kwan On Holdings Limited (the “**Company**” together with its subsidiaries “the **Group**”) dated 31 August 2017 (the “**Announcement**”) regarding the investment, development and construction of the public transportation projects in the Central Business District (CBD) of Makati City, Philippines and its surrounding areas (the “**Project**”). Capitalised terms used herein shall bear the same meanings as those defined in the Announcement unless the context requires otherwise.

The board of directors of the Company (the “**Board**”) would like to inform its shareholders and potential investors that the Company had recently submitted a Letter of Intent to IRC Properties, Inc. (“**IRC**”) to express its interest to participate in a consortium led by IRC to materialise the Project (the “**Consortium**”).

The Consortium will undertake the Project to construct an 11-kilometer intra-city subway system with 8 to 10 stations that will connect key points in 2 districts of the Makati City in the Philippines. The proposed subway system will also interconnect with the Mass Rail Transit, the Metro Manila Mega Subway and the Pasig River ferry. The estimated total cost is approximately US\$3.7 billion, based on the feasibility study submitted by IRC to the Makati City Government and is subject to adjustment after detailed negotiations on the technical and financial aspects of the Project.

In accordance with the announcement published by IRC on The Philippine Stock Exchange, Inc. (“**PSE**”) on 20 June 2018 and negotiations with IRC that:

1. The Unsolicited PPP Proposal for a Joint Venture to Establish and Operate the Makati Mass Transport System submitted by IRC (the “**Unsolicited Proposal**”) has been accepted by the Makati City Government for the purposes of detailed negotiations on the technical and financial aspects;
2. The Makati City Government will not accept any further similar proposal; and

3. Pursuant to the Makati City Ordinance No. 2014-051, as amended by Makati City Ordinance No. 2017-007, IRC has been conferred the original proponent status on the Unsolicited Proposal to enable it to proceed to the next phase of the Public-Private Partnership (PPP) process.

Jiangsu Provincial Construction Group Co., Ltd.\* (江蘇省建築工程集團有限公司) (“**JPC**”), which is controlled by Shanghai Greenland Corporation\* (上海綠地集團), JPC and its controlled company Greenland City Development Construction Co., Ltd.\* (綠地城市開發建設有限公司) (“**GCDC**”), together with the Company, with complementary advantages and aligned interests, have explicitly expressed our intention in participating in the Consortium for, and the construction of, IRC’s Makati City subway and related projects, so as to actively take part in the construction and development of the “Belt and Road” of China. The Group currently holds approximately 13.3% equity interest in IRC, and we shall actively participate in the investment and construction of IRC’s projects, striving for achieving our corporate development objective, which is based in Hong Kong and actively develops international projects construction.

Entities which have already expressed their intention to join the Consortium include Shanghai Mintu Investment Holdings Co. Ltd\* (上海民圖投資控股有限公司) and China Harbour Engineering Company Limited\* (中國港灣工程有限責任公司). To the best of the Directors’ knowledge, information and beliefs, having made all reasonable enquiries, these two entities are independent third parties and are not connected persons of the Company or their associates (as defined in the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited).

JPC owns approximately 22.55% interest in the Company. Mr. Chen Zhenghua, Chairman of the Company, is also the chairman of GCDC and JPC.

IRC is listed on PSE (Stock Code: IRC) and is primarily engaged in the acquisition, reclamation, development or exploration of land, forests, minerals, oil, gas, and other resources and infrastructure and real estate development projects. The Group has acquired approximately 13.3% equity interest in IRC on 9 May 2018. Details of the acquisition have been disclosed in the announcement of the Company dated 10 May, 2018.

Save as the above, no documents, including but not limited to, memoranda of understanding or legally binding agreements have been executed with the government of Makati City, IRC or any of the participants of the Consortium as at the date of this announcement. Further announcements in respect of the development of the Project will be made by the Company as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

Certain English translations of Chinese names or words marked with “\*” in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency between the Chinese names of entities and their English translations, the Chinese names shall prevail.

By Order of the Board  
**Kwan On Holdings Limited**  
**Chen Zhenghua**  
*Chairman*

Hong Kong, 22 June 2018

*As at the date of this announcement, the Executive Directors are Mr. Chen Zhenghua, Mr. Zhang Fangbing, Mr. Wong Wa, and Mr. Cao Lei; and the Independent Non-Executive Directors are Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi.*