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KWAN YONG HOLDINGS LIMITED

光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9998)

CHANGE OF AUDITOR

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kwan Yong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board announces that with the recommendation from the audit committee of the Company, the Board has resolved to appoint Ernst & Young LLP (“**EY SG**”) as the auditor of the Company in replacement of appointing Ernst & Young (“**EY HK**”) with effect from 26 June 2020 and to hold office until the conclusion of the next annual general meeting of the Company. EY HK is a Hong Kong-based auditor and was the reporting accountant in relation to the listing of the Company (the “**Listing**”) while EY SG is a Singapore-based auditor and had been the auditor of Kwan Yong Construction Pte Ltd, the operating subsidiary of the Group, in 2019 before Listing. The Company believed that it would be more appropriate and cost effective to the Company to appoint a Singapore-based auditor instead of a Hong Kong-based auditor as the operations of the Group are mainly in Singapore. The Board considered that the appointment of EY SG would align the audit arrangements between the Company and its operating subsidiary with a view to enhancing the efficiency of the audit services which is beneficial to the Company and its shareholders as a whole.

MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS IN RESPECT OF PROPOSED APPOINTMENT OF EY SG AS AUDITOR OF THE COMPANY

With effect from 1 October 2019, the amendments to the Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong) (“**FRCO**”) had taken effect and the Financial Reporting Council (“**FRC**”) had become Hong Kong’s independent regulator of listed entity auditors.

Under the FRCO, all overseas auditors intending to carry out any engagement with a public interest entity (“**PIE**”) have to be registered or recognised by the FRC before it can accept the appointment. Therefore, the PIE must seek a statement of no objection (the “**SNO**”) from the Stock Exchange to engage any non-Hong Kong auditors to undertake its PIE engagement. After the issue of the SNO, the FRC will consider the application for recognition of the non-Hong Kong auditor as a Recognised PIE Auditor (as defined in section 3A of the FRCO).

Prior to the issue of the prospectus of the Company dated 24 December 2019 (the “**Prospectus**”), the Company had intended to engage EY SG as its auditor upon Listing. However, due to time constraints, the Company was unable to make an application for the recognition of EY SG as a Recognised PIE Auditor (as defined in section 3A of the FRCO) to take effect upon Listing. Therefore, as disclosed in the Prospectus, the Company had expected EY HK to be its auditor after Listing until the conclusion of the first annual general meeting of the Company.

After Listing, in preparation of the annual audit of the Group, at the beginning of March 2020 the Company had applied to the Stock Exchange and FRC for recognition of EY SG in relation to its engagement with the Company.

Reference is also made to the interim report (the “**Interim Report**”) of the Company published on 26 March 2020 on the website of the Stock Exchange. As the application for recognition of EY SG as the auditor of the Company was still pending and it remained the intention of the Company to appoint EY HK as its auditor should the application to recognise EY SG not be approved, the Company had listed EY HK as the auditor of the Company in the Interim Report.

Subsequently, prior to the formalisation of the formal engagement with EY HK as the auditor of the Company, the Company had obtained the SNO from the Stock Exchange on 12 March 2020 and approval-in-principle from the FRC on 17 April 2020 to appoint EY SG as the auditor of the Company. As a result, the Board has resolved not to proceed to engage EY HK but to appoint EY SG as the auditor of the Company as the Company believed that it would be more appropriate and cost effective to the Company to appoint a Singapore-based auditor instead of a Hong Kong-based auditor.

EY HK has provided a confirmation to the Company that there are no matters that need to be brought to the attention of the shareholders of the Company. The Board and the audit committee of the Company also confirm that there are no disagreements or unresolved matters between EY HK and the Company, and there are no other matters in respect of the change of auditor of the Company that need to be brought to the attention of the shareholders of the Company.

The Board takes this opportunity to express its sincere gratitude to EY HK for its professional services provided to the Company in the past.

By order of the Board
Kwan Yong Holdings Limited
Kwan Mei Kam
Chairman and Executive Director

Hong Kong, 26 June 2020

As at the date of this announcement, the Board comprises Mr. Kwan Mei Kam, Ms. Tay Yen Hua, Mr. Jacob Wong San Ta and Ms. Kwan Shu Ming as executive Directors; Mr. Lim Ah Lay as non-executive Director; and Mr. Koh Lian Huat, Dr. Wu Dongqing, Mr. Chou Sean Yu and Mr. Fong Heng Boo as independent non-executive Directors.