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均安控股

Kwan On Holdings

KWAN ON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1559)

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS
SHARE FOR EVERY FOUR (4) SHARES HELD ON THE RECORD
DATE ON A NON-UNDERWRITTEN BASIS
AND
(3) CLOSURE OF REGISTER OF MEMBERS**

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes to seek the approval by way of an ordinary resolution of the Shareholders at the forthcoming AGM of an increase in its authorised share capital from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional unissued 8,000,000,000 Shares. Subject to the passing of an ordinary resolution by the Shareholders at the forthcoming AGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the AGM.

PROPOSED RIGHTS ISSUE

In addition, the Company proposes to raise up to approximately HK\$59.40 million before expenses by issuing up to 396,000,000 Rights Shares to the Qualifying Shareholders by way of the Rights Issue on the basis of one (1) Rights Share for every four (4) Shares held on the Record Date (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.15 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders.

However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be up to approximately HK\$57.90 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply approximately 80% of the net proceeds for financing the construction projects in Hong Kong and the remaining balance of approximately 20% of the net proceeds as general working capital.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed. The Rights Issue is not conditional upon the passing of the ordinary resolution in relation to the proposed Increase in Authorised Share Capital at the AGM.

Besides, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL or applies for excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Sino Coronet, being the Controlling Shareholder, holds 831,565,000 Shares, representing approximately 52.50% of the issued share capital of the Company.

On 3 August 2022, the Company received from Sino Coronet the Irrevocable Undertaking, pursuant to which:

- (i) Sino Coronet has unconditionally and irrevocably undertaken to the Company to subscribe for 207,891,250 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 831,565,000 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents; and
- (ii) Sino Coronet has unconditionally and irrevocably undertaken to the Company to ensure that the 831,565,000 Shares currently beneficially owned by it will not be sold, disposed or transferred by it and will remain beneficially owned by it on the Record Date.

INTENTION OF SINO CORONET

The Board has been informed by Sino Coronet that it may or may not apply, by way of excess application, additional Rights Shares in addition to its committed subscription in accordance with the Irrevocable Undertaking.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfillment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 17 August 2022. The Rights Shares will be dealt with in their nil-paid form from Tuesday, 30 August 2022 to Tuesday, 6 September 2022 (both dates inclusive). Any Shareholders or other persons dealing in the Shares or in the Rights Shares in their nil-paid form up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 20 September 2022) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing the Shares or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

The register of members of the Company will be closed from Friday, 19 August 2022 to Thursday, 25 August 2022 (both dates inclusive) to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period. To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is currently expected to be Thursday, 25 August 2022. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant title documents) must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (as from 15 August 2022 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) for registration by 4:30 p.m. on Thursday, 18 August 2022.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

LISTING RULES IMPLICATIONS

Since the Rights Issue would not increase either the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the Company (i) within the 12-month period immediately preceding this announcement or (ii) prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not conditional upon approval by the Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes to seek the approval by way of an ordinary resolution of the Shareholders at the forthcoming AGM of an increase in its authorised share capital from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional unissued 8,000,000,000 Shares. Subject to the passing of an ordinary resolution by the Shareholders at the forthcoming AGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the AGM.

The number of issued Shares as at the date of this announcement is 1,584,000,000. The number of issued Shares will be increased to up to 1,980,000,000 upon the completion of the Rights Issue (assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the completion of the Rights Issue other than the Rights Issue). In order to accommodate growth of the Group and to provide the Company with greater flexibility on its capital structure in the future, the Board proposes the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole.

With regard to the proposed Increase in Authorised Share Capital, the Board has no present intention to issue any Shares from any part of the Increase in Authorised Share Capital. The Rights Shares will be allotted and issued from the existing authorised share capital of the Company.

An ordinary resolution to be voted by way of poll to approve the Increase in Authorised Share Capital will be proposed at the AGM. A circular containing, among other matters, details of the proposed Increase in Authorised Share Capital, together with a notice of the AGM and the related proxy form, will be despatched to the Shareholders on or about 29 August 2022.

PROPOSED RIGHTS ISSUE

Details of the Rights Issue are summarised below:

Basis of Rights Issue	: One (1) Rights Share for every four (4) Shares held on the Record Date by the Qualifying Shareholders
Number of Shares in issue as at the date of this announcement	: 1,584,000,000 Shares
Number of Rights Shares	: Up to 396,000,000 Rights Shares (assuming no change in the number of Shares in issue from the date of this announcement up to and including the Record Date)
Subscription Price	: HK\$0.15 per Rights Share
Number of Shares in issue immediately following the completion of the Rights Issue	: Up to 1,980,000,000 Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the completion of the Rights Issue other than the Rights Issue)
Status	: The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue
Amount to be raised by the Rights Issue before expenses	: Up to approximately HK\$59.40 million before expenses (assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the completion of the Rights Issue other than the Rights Issue)

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, or convert or exchange into, Shares.

Assuming no new Shares (other than the Rights Shares) are allotted and issued and no Shares are bought back on the Record Date, the nil-paid Rights Shares proposed to be provisionally allotted represent:

- (i) approximately 25% of the Company's total number of issued Shares as at the date of this announcement; and
- (ii) approximately 20% of the Company's total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming no change in the number of Shares in issue other than the allotment and issue of the Rights Shares).

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, and to the extent reasonably practicable, the Company will send copies of the Prospectus (without the PAL and EAF) to the Excluded Shareholders (if any) for their information only. Please take special note that the Company will send the PAL and EAF to the Qualifying Shareholders only.

The register of members of the Company will be closed from Friday, 19 August 2022 to Thursday, 25 August 2022 (both dates inclusive) to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period.

To qualify for the Rights Issue, a Shareholder must: (i) be registered as a member of the Company on the Record Date; and (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (as from 15 August 2022 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) by 4:30 p.m. on Thursday, 18 August 2022.

The last day for dealing in the Shares on a cum-rights basis is Tuesday, 16 August 2022. The Shares will be dealt with on an ex-rights basis from Wednesday, 17 August 2022.

The latest time for acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Friday, 9 September 2022.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. As at the date of this announcement, the Company does not have any Overseas Shareholders.

The Company will take steps to ascertain whether there are any Overseas Shareholders as at the Record Date. The Company will comply with Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any), and if, having made such enquiry, the Directors consider that it is necessary or expedient not to extend the Rights Issue to these Overseas Shareholders on account either of the legal restrictions under the laws of the place of his/her/its/their registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders and the Company will disclose the explanation for such exclusion in the Prospectus. To the extent reasonably practicable, the Company will only send the Prospectus to the Excluded Shareholders (if any) for their information.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Right Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price is HK\$0.15 per Rights Share and is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) same as the closing price of HK\$0.1500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.40% to the average closing price of approximately HK\$0.1506 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 0.53% to the average closing price of approximately HK\$0.1508 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of 0.42% to the theoretical ex-rights price of HK\$0.1506 based on the closing price of HK\$0.1500 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined by the Directors with reference to, among other things, the recent market prices of the Shares and the prevailing market conditions.

The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.146 (assuming no change in the number of Shares in issue on or before the Record Date).

Basis of Provisional Allotment of Rights Shares

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every four (4) Shares in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by a time which is currently expected to be 4:00 p.m. on Friday, 9 September 2022. Any holdings (or balance of holdings) of less than four (4) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional Entitlements" below. Upon completion of the Rights Issue, the board lots of the Company will remain as 10,000 Shares.

Fractional Entitlements

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil-paid Rights Shares will be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the then existing Shares in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Rights Shares in their fully-paid form.

Application for Excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholders; (ii) any Rights Shares provisionally allotted but not accepted; and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by a time which is currently expected to be 4:00 p.m. on Friday, 9 September 2022.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is greater than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAF(s).

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status

Share Certificates and Refund Cheques for Rights Issue

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be despatched by ordinary post on or before Tuesday, 20 September 2022 to those persons who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares to the registered address or, in case of joint applicants, to the registered address of the applicant whose name first appears in the register of members of the Company in Hong Kong or, as the case may be, the transfer form, at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched on or before Tuesday, 20 September 2022 by ordinary post to the registered addresses as aforesaid at the respective applicants' own risks. One share certificate will be issued for all the Rights Shares a Shareholder is entitled to.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

No part of the Shares for which listing or permission to deal is being or is proposed to be sought, is listed, or dealt in on any other stock exchange.

Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

Stamp Duty and Other Applicable Fees and Charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the branch share registrar in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Rights Issue on a Non-Underwritten Basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed. The Rights Issue is not conditional upon the passing of the ordinary resolution in relation to the proposed Increase in Authorised Share Capital at the AGM.

Besides, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL or applies for excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (b) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date; and
- (c) the Listing Committee of the Stock Exchange granting, or agreeing to grant (subject to allotment), the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions as the Company may accept.

None of the above conditions can be waived. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on Tuesday, 20 September 2022, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed accordingly.

Irrevocable Undertaking

As at the date of this announcement, Sino Coronet, being the Controlling Shareholder, holds 831,565,000 Shares, representing approximately 52.50% of the issued share capital of the Company.

On 3 August 2022, the Company received from Sino Coronet the Irrevocable Undertaking, pursuant to which:

- (i) Sino Coronet has unconditionally and irrevocably undertaken to the Company to subscribe for 207,891,250 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 831,565,000 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents; and
- (ii) Sino Coronet has unconditionally and irrevocably undertaken to the Company to ensure that the 831,565,000 Shares currently beneficially owned by it will not be sold, disposed or transferred by it and will remain beneficially owned by it on the Record Date.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

INTENTION OF SINO CORONET

The Board has been informed by Sino Coronet that it may or may not apply, by way of excess application, additional Rights Shares in addition to its committed subscription in accordance with the Irrevocable Undertaking.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Rights Issue (assuming no change in the number of Shares in issue other than the allotment and issue of the Rights Shares):

	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their respective entitlements to the Rights Shares in full		Assuming only Sino Coronet but no other Qualifying Shareholders takes up its entitlements to the Rights Shares in full	
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>
Shareholders						
Sino Coronet	831,565,000	52.50	1,039,456,250	52.50	1,039,456,250	58.01
Public Shareholders	752,435,000	47.50	940,543,750	47.50	752,435,000	41.99
Total	1,584,000,000	100.00	1,980,000,000	100.00	1,791,891,250	100.00

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in construction related business, property development in Hong Kong and Southeast Asia and trading of chemical materials.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be up to approximately HK\$57.90 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply approximately 80% of the net proceeds (that is, approximately HK\$46.32 million) for financing the construction projects in Hong Kong and the remaining balance of approximately 20% of the net proceeds (that is, approximately HK\$11.58 million) as general working capital.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Qualifying Shareholders who elect not to participate in the Rights Issue will have the opportunity to sell the nil-paid Rights Shares in the market while Qualifying Shareholders who wish to increase their shareholding in the Company through the Rights Issue will have the opportunity to acquire additional nil-paid Rights Shares in the market and/or through application for excess Rights Shares.

The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring debt financing cost and to enhance its financial position, while at the same time the Rights Issue will enable the Shareholders to participate in the future development of the Group. Therefore, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The Group has considered fund raising by issuing debt securities or debt financing but the Board considers that any further debt financing or borrowings for the time being would increase the gearing ratio of the Group, leading to the Group incurring further interest expenses which is contrary to the Board's intention to reduce the gearing ratio and interest expenses of the Group to a more favourable level. Therefore, the Board has ruled out debt financing as a source for raising funds in this occasion.

The Board also considered the option of placing new Shares, but taking into account (i) the dilution of the interests of Shareholders without giving them the opportunity to take part in the exercise; and (ii) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company in this occasion. Further, the Board considered that the Rights Issue would be more favourable and attractive to the Shareholders than an open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

In light of the above, the Board is of the view that the Rights Issue is the appropriate fund-raising method in this occasion and that the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the proposed Rights Issue is set out below:

Last day of dealing in Shares on a cum-rights basis. Tuesday, 16 August 2022

First day of dealing in Shares on an ex-rights basis. Wednesday, 17 August 2022

Latest time for lodging transfers of Shares and
related documents in order to qualify for
the Rights Issue 4:30 p.m. on
Thursday, 18 August 2022

Closure of register of members of the Company
(both dates inclusive). Friday, 19 August 2022 to
Thursday, 25 August 2022

Record Date to determine entitlements under
the Rights Issue Thursday, 25 August 2022

Despatch of the Prospectus Documents Friday, 26 August 2022

Register of members of the Company re-opens Friday, 26 August 2022

First day of dealing in nil-paid Rights Shares Tuesday, 30 August 2022

Latest time for splitting of nil-paid Rights Shares 4:30 p.m. on
Thursday, 1 September 2022

Last day of dealing in nil-paid Rights Shares Tuesday, 6 September 2022

Latest time for acceptance of and payment
for Rights Shares and for application and
payment for excess Rights Shares 4:00 p.m. on
Friday, 9 September 2022

Announcement of results of acceptances of
Rights Shares and of application for excess
Rights Shares. Monday, 19 September 2022

Rights Issue expected to become unconditional. Tuesday, 20 September 2022

Despatch of refund cheques for wholly and
partially unsuccessful excess applications Tuesday, 20 September 2022

Despatch of share certificates for fully-paid

Rights Shares. Tuesday, 20 September 2022

Commencement of dealing in fully-paid

Rights Shares. Wednesday, 21 September 2022

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as shown if there is a “black” rainstorm warning or a tropical cyclone warning signal no. 8 or above in force in Hong Kong:

- (i) at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 9 September 2022. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) at any local time between 12:00 noon and 4:00 p.m. on Friday, 9 September 2022. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the next following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place at 4:00 p.m. on Friday, 9 September 2022, the dates mentioned in the section headed “Expected Timetable” above may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

There has been no equity fund raising activities carried out by the Company in the 12 months immediately preceding the date of this announcement.

GENERAL

The Prospectus Documents, containing further information on the Rights Issue will be despatched to the Qualified Shareholders on Friday, 26 August 2022. To the extent reasonably practicable, the Prospectus will be despatched to the Excluded Shareholders for their information only. Shareholders and potential investors should exercise caution in dealing in the Shares.

LISTING RULES IMPLICATIONS

Since the Rights Issue would not increase either the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the Company (i) within the 12-month period immediately preceding this announcement or (ii) prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not conditional upon approval by the Shareholders.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis commencing from Wednesday, 17 August 2022. The Rights Shares are expected to be dealt with in their nil-paid form from Tuesday, 30 August 2022 to Tuesday, 6 September 2022 (both dates inclusive). Any Shareholders or other persons dealing in the Shares or in the Rights Shares in their nil-paid form up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 20 September 2022) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons who are in any

doubt about their position or any action to be taken are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

The register of members of the Company will be closed from Friday, 19 August 2022 to Thursday, 25 August 2022 (both dates inclusive) to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company in Hong Kong on the Record Date, which is currently expected to be Thursday, 25 August 2022. In order to be registered as a member of the Company in Hong Kong on the Record Date, any transfer of Shares (together with the relevant title documents) must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road, Hong Kong (as from 15 August 2022 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) for registration by 4:30 p.m. on Thursday, 18 August 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the forthcoming annual general meeting of the Company to be convened and held on Wednesday, 28 September 2022, in which, amongst other things, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Increase in Authorised Share Capital
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), as amended from time to time

“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Kwan On Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which Shares are listed on the main board of the Stock Exchange (stock code 1559)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their entitlements under the Rights Issue
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Increase in Authorised Share Capital”	an increase in the authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional 8,000,000,000 unissued Shares
“Irrevocable Undertaking”	a letter of irrevocable undertaking dated 3 August 2022 executed by Sino Coronet in favour of the Company, the principal terms of which are disclosed in the paragraph headed “Irrevocable Undertaking” in this announcement

“Last Trading Day”	Wednesday, 3 August 2022, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue
“Posting Date”	Friday, 26 August 2022 (or such other date as the Company may determine), being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 25 August 2022 (or such other date as the Company may determine), being the date by reference to which entitlements to the Rights Issue are to be determined
“Rights Issue”	the proposed issue of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every four (4) Shares held on the Record Date, payable in full upon acceptance

“Rights Share(s)”	up to 396,000,000 new Share(s) proposed to be allotted and issued under the Rights Issue (assuming no change in the number of Shares in issue from the date of this announcement up to and including the Record Date)
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of (a) Share(s)
“Sino Coronet”	Sino Coronet Group Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per Rights Share pursuant to the Rights Issue
“Takeovers Code”	the Hong Kong Code on Takeovers, Mergers and Share Buy-Backs
“%”	per cent.

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

Hong Kong, 3 August 2022

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