
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “13. Documents registered by the Registrar of Companies in Hong Kong” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). The Securities and Futures Commission of Hong Kong, the Stock Exchange and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of the documents referred to above.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange, and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



均安控股
Kwan On Holdings

KWAN ON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1559)

**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**

Financial Adviser to the Company



VMS Securities Limited

Capitalised terms used herein shall have the meanings given to such terms in the section headed “Definitions” in this prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 9 September 2022. The procedures for acceptance and transfer of the Rights Shares are set out in the paragraph headed “Procedures for Acceptance and Payment or Transfer” on pages 8 to 11 of this prospectus.

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 undersubscription 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. Pursuant to the Company’s constitutional document, the Companies Act, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue.

The Rights Shares will be dealt with in their nil-paid form on the Stock Exchange from Tuesday, 30 August 2022 to Tuesday, 6 September 2022, both dates inclusive. Any Shareholder or other person dealing in the Rights Shares in their nil-paid form up to the date when the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

26 August 2022

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EXPECTED TIMETABLE

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

Despatch of the Prospectus Documents	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 acceptance 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 or 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

Notes:

1. All references to dates and times in this prospectus are references to Hong Kong local dates and times.
2. Dates or deadlines specified in this prospectus are indicative only and may be extended or varied. Any changes to the above timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

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 tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoon as announced by the government of Hong Kong or a “black” rainstorm warning 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.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 August 2022 regarding, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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 or on which “extreme conditions” caused by super typhoon as announced by the government of Hong Kong is in effect 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 Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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

DEFINITIONS

“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 the PRC
“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 prospectus
“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 the Announcement
“Latest Practicable Date”	Friday, 19 August 2022, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Zhenghua, the chairman of the Company, an executive Director and a Controlling Shareholder
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on 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

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this prospectus does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	this prospectus, the PAL and the EAF
“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, being the date by reference to which entitlements to the Rights Issue was 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)”	396,000,000 new Share(s) proposed to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“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 each 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.

Note: The English translation of names in Chinese which are marked with “*” are for identification purpose only.

LETTER FROM THE BOARD



均安控股

Kwan On Holdings

KWAN ON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1559)

Executive Directors:

Mr. Chen Zhenghua (*Chairman*)

Mr. Zhang Fangbing

Mr. Cao Lei

Independent non-executive Directors:

Professor Lam Sing Kwong, Simon

Mr. Lum Pak Sum

Mr. Gong Zhenzhi

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 3401

118 Connaught Road West

Hong Kong

26 August 2022

To the Qualifying Shareholders and, for information purpose only, the Excluded Shareholders

Dear Sir or Madam,

**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**

INTRODUCTION

Reference is made to the Announcement, pursuant to which the Company announced, among other things, that it proposed 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 at the Subscription Price of HK\$0.15 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders.

The purpose of this prospectus is to provide you with, among other things, details of the Rights Issue, including information on dealing and transfer of nil-paid Rights Shares and the procedures for acceptance of provisionally allotted Rights Shares and for application for excess Rights Shares, and certain financial and other information of the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

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 Latest Practicable Date	:	1,584,000,000 Shares
Number of Rights Shares	:	up to 396,000,000 Rights Shares
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 other than the allotment and issue of the Rights Shares)
Status	:	The Rights Shares, when allotted, issued and fully paid, will rank <i>pari passu</i> 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

As at the Latest Practicable Date, the Company had 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.

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 Latest Practicable Date; 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.

LETTER FROM THE BOARD

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.

The latest time for acceptance of and payment for the Rights Shares is 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.

If on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may or may not be eligible to take part in the Rights Issue. If, based on the advice provided by the legal advisers to the Company pursuant to the Company's enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders (if any) in compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors consider that it is necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account of either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The register of members of the Company was closed from Friday, 19 August 2022 to Thursday, 25 August 2022. According to the register of members of the Company, as at the Latest Practicable Date, the Company did not have any Overseas Shareholder. Therefore, there is no Excluded Shareholder for the purpose of the Rights Issue.

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:

- (i) is the same as the closing price of HK\$0.1500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents 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;

LETTER FROM THE BOARD

- (iii) represents 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;
- (iv) represents no discount to the theoretical ex-rights price of HK\$0.1500 based on the closing price of HK\$0.1500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) represents a discount of approximately 7.41% to the closing price of HK\$0.1620 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) represents a discount of approximately 44.44% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.270 per Share as at 31 March 2022, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$427,527,000 as at 31 March 2022 by 1,584,000,000 Shares in issue as at the Latest Practicable Date; and
- (v) represents a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.13%, being the discount of the theoretical diluted price of approximately HK\$0.1506 per Share (calculated based on the benchmarked price as defined under Rule 7.27B of the Listing Rules) to the benchmarked price of approximately HK\$0.1508 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.1500 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.1508 per Share).

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 unaudited consolidated net asset value attributable to the Shareholders was approximately HK\$0.297 per Share as at 30 September 2021, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$469,936,000 as at 30 September 2021 by 1,584,000,000 Shares then in issue. The Company published its annual results announcement for the year ended 31 March 2022 after trading hours on 28 June 2022. The closing prices of the Shares fluctuated in a range of HK\$0.139 to HK\$0.166 during the period from 1 January 2022 to the Last Trading Day. Accordingly, the closing prices of the Shares during the period from 1 January 2022 to the Last Trading Day were below both of (1) unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.297 per Share as at 30 September 2021; and (2) audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.270 per Share as at 31 March 2022.

The Directors note that the Subscription Price represents a discount of approximately 44.44% to the audited net asset value attributable to the Shareholders per Share as at 31 March 2022. Given that the Shares have been consistently traded at a level below the consolidated net asset value attributable to the Shareholders per Share since 1 January 2022 and up to the Last Trading Day as mentioned above, the Directors consider that, in determining the Subscription Price, it is fair and reasonable to make reference primarily to the market price of the Shares, which reflects the fair market value of the Shares, rather than the net asset value attributable to the Shareholders per Share. Moreover, the Subscription Price is within the usual range of the closing price of the Shares during the period from 1 January 2022 to the Last Trading Day as mentioned above. The Board also considers that the discount of the Subscription Price to the net asset value per Share provides incentive to the Shareholders to participate in the Rights Issue to support the development of the Company.

LETTER FROM THE BOARD

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) assuming full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.146.

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 a cheque or a cashier's order for the sum payable for the Rights Shares being applied for no later than 4:00 p.m. on Friday, 9 September 2022. Please refer to the paragraph headed "Procedures for Acceptance and Payment or Transfer" below for further details. 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.

If a Qualifying Shareholder wishes to accept only part of, or transfer a part of, his/her/its Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, please refer to the paragraph headed "Procedures for Acceptance and Payment or Transfer" below.

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.

Procedures for Acceptance and Payment or Transfer

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles them to subscribe for the number of Rights Shares shown thereon.

LETTER FROM THE BOARD

If you wish to exercise your rights to subscribe for all the Rights Shares specified in the enclosed PAL, you must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Friday, 9 September 2022. All remittances must be made in Hong Kong dollars by cheque or cashier's order. Cheque must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to "Kwan On Holdings Limited – Right Issue Account" and crossed "Account Payee Only". Such payment will constitute full acceptance of the provisional allotment on terms of the PAL and this prospectus and subject to the memorandum and articles of association of the Company.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with Tricor Investor Services Limited by 4:00 p.m. on Friday, 9 September 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant assured allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

If you wish to transfer all of your rights to subscribe for the Rights Shares provisionally allotted to you under the PAL to one person or persons as joint holders, you and the person(s) to or through whom you are transferring such rights must complete and sign the PAL in accordance with the instructions printed thereon, and the transferee(s) must then lodge the PAL intact, together with a remittance by cheque or cashier's order for the full amount payable on acceptance, with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:00 p.m. on Friday, 9 September 2022. All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheque must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to "Kwan On Holdings Limited – Right Issue Account" and crossed "Account Payee Only". It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares.

If you wish to accept only part of your provisional allotment without renouncing the balance thereof, or transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you, or transfer your rights to more than one person (not as joint holders), the original PAL must be surrendered and lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 1 September 2022 and the Registrar will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection at the office of the Registrar after 9:00 a.m. on the second business day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce part of their provisional allotment.

LETTER FROM THE BOARD

All cheques and cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the subscriber that the cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order is dishonoured on first presentation, the PAL is liable to be rejected, and in that event the provisional allotment and all rights given pursuant to it will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application received.

If the conditions of the Rights Issue are not fulfilled by 4:00 p.m. on Tuesday, 20 September 2022, the Rights Issue will not proceed and any subscription monies received in respect of acceptance of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form shall have been validly transferred without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or other persons on or around Wednesday, 5 October 2022.

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 cashier's 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 no later than 4:00 p.m. on Friday, 9 September 2022.

All remittances must be made in Hong Kong dollars, and cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Kwan On Holdings Limited – Excess Application Account" and crossed "Account Payee Only".

An EAF can be lodged from Friday, 26 August 2022 to Friday, 9 September 2022 (both dates inclusive) at the following times:

Monday to Friday: 9:00 a.m. to 4:30 p.m.; and

Last day for acceptance (Friday, 9 September 2022): 9:00 a.m. to 4:00 p.m.

LETTER FROM THE BOARD

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 and investors should consult their professional advisers if they are in doubt as to their status.

Share Certificates and Refund Cheques for the 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 appears first 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 has applied 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.

LETTER FROM THE BOARD

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 register of members 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.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

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.

Besides, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL or apply for excess Rights Shares under 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.

LETTER FROM THE BOARD

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 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 the 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 at the Latest Practicable Date, none of the conditions have been fulfilled.

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

Irrevocable Undertaking

As at the Latest Practicable Date, Sino Coronet, being the Controlling Shareholder, holds 831,565,000 Shares, representing approximately 52.50% of the entire issued share capital of the Company.

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

- (a) 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

LETTER FROM THE BOARD

- (b) 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 of 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 Latest Practicable 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.

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 Latest Practicable Date, 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 Latest Practicable Date		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	<u>1,584,000,000</u>	<u>100.00</u>	<u>1,980,000,000</u>	<u>100.00</u>	<u>1,791,891,250</u>	<u>100.00</u>

LETTER FROM THE BOARD

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 approximately HK\$57.90 million (assuming full acceptance of the provisional allotment of Rights Shares).

The Board took various factors into consideration in conducting the Rights Issue. In particular, the Board carefully considered and reviewed the financial position and cash position of the Group and the cash needs of the Group. As disclosed in the annual report of the Company for the year ended 31 March 2022, the Group had bank balances and cash of approximately HK\$149.4 million as at 31 March 2022.

Since the Group generally receives payment from its customers in stages based on the terms of the contracts entered into with its customers, the Group would incur certain upfront costs associated with a project, including labour and material costs, sub-contracting fee and other overhead expenses at the initial stage of a project and well before the Group receives any progress payment from its customers. Additionally, over the course of construction work projects of the Group, there is typically a mismatch between (1) the time of receipt of progress payments from customers of the Group; and (2) the time of payment to suppliers and sub-contractors of the Group, and other costs and expenses. This is because the Group is required to pay for the material costs, sub-contracting fees and other costs incurred from engaging suppliers and sub-contractors of the Group prior to receiving progress payments from the Group's customers. The operational difficulties caused by the epidemic control measures at construction sites and epidemic-induced temporary shortage in manpower and material posed unavoidable delay in certain projects of the Group. This results in delay in receiving progress payments from the Group's customers which, in turn, adversely affects the cashflow position of the Group. As at 30 June 2022, the unaudited bank balances and cash of the Group was approximately HK\$45.8 million. Accordingly, the Board considers the Rights Issue can strengthen the working capital of the Group.

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.

LETTER FROM THE BOARD

The net proceeds of the Rights Issue are intended to be applied for the construction projects in Hong Kong as detailed below:

Customers and contract number	Approximate amount to be applied from the net proceeds of the Rights Issue (assuming full acceptance of the provisional allotment of Rights Shares) (HK\$' million)	Nature of work	Estimated completion date
Civil Engineering & Development Dept.			
Contract No.: NE/2016/05	7.0	Development of Anderson Road Quarry Site – pedestrian connectivity facilities with footbridges and lift towers, escalators in Kwun Tong district; a bus-to-bus interchange at Tseung Kwan O Tunnel Toll Plaza; slope improvement works in the vicinity of Po Lam Road South and other associated works	First quarter of 2023
Contract No.: GE/2018/03	0.6	Landslip Prevention and Mitigation Programme, 2012, Package C Landslip Prevention and Mitigation Works in Lantau and Hong Kong Island	Fourth quarter of 2022
Contract No.: GE/2018/01	8.1	Landslip Prevention and Mitigation Programme, 2017, Package K, Landslip Prevention and Mitigation Works in Lantau and Hong Kong Island	Fourth quarter of 2023
Drainage Services Department			
Contract No.: DC/2018/10	8.0	Conditions Survey and Rehabilitation of Underground Sewers and Stormwater Drains – Stage 1. Condition surveys of about 110 kilometres underground sewers, stormwater drains, decked nullahs and associated manholes and rehabilitation of about 18 kilometres underground sewers and stormwater drains throughout the territory of Hong Kong	First quarter of 2023

LETTER FROM THE BOARD

Customers and contract number	Approximate amount to be applied from the net proceeds of the Rights Issue (assuming full acceptance of the provisional allotment of Rights Shares) (HK\$' million)	Nature of work	Estimated completion date
Highway Department			
Contract No.: HY/2018/12	8.3	Provision of universal accessibility facilities at footbridges, elevated walkways and subways - Package 4 Contract 1 in Eastern, Kowloon City, Kwun Tong, Sham Shui Po and Wong Tai Sin Districts	Second quarter of 2024
Hong Kong Housing Authority			
Contract No: 20189126	1.3	Slope maintenance and improvement works for Region B in Kowloon	Second quarter of 2023
Contract No.: 20170102	3.4	Road Improvement Works at Ma On Shan, Sha Tin	First quarter of 2023
Sub-total for existing construction contracts	36.7		
Future construction projects	9.62		
Total	<u>46.32</u>		

LETTER FROM THE BOARD

In the event that there is an under-subscription of the Rights Issue and the net proceeds to be applied for construction projects in Hong Kong are HK\$36.7 million or less, the net proceeds will not be applied to future construction projects of the Group and will be applied to existing construction contracts only.

The net proceeds of approximately HK\$11.58 million is intended to be applied as general working capital as to approximately HK\$6.0 million, HK\$3.0 million and HK\$2.58 million for salaries and wages payment, rental payment and payment of overhead of Hong Kong office respectively. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue intended to be applied as general working capital in the aforesaid uses will be reduced accordingly on a pro-rata basis.

The 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 the 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 and interest expenses of the Group, 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 on this occasion.

The Board also considered the option of placing new Shares, but taking into account (i) the dilution effect on the 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 on this occasion. Further, the Board considered that a 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 most appropriate fund-raising method on 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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

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 the 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. 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. Please refer to the paragraph headed “Conditions of the Rights Issue” in this prospectus for further details.

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.

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.

LETTER FROM THE BOARD

The register of members of the Company was closed from Friday, 19 August 2022 to Thursday, 25 August 2022 (both dates inclusive) to determine the eligibility of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares was 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 was 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 have been lodged with the Registrar for registration by 4:30 p.m. on Thursday, 18 August 2022.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board of
Kwan On Holdings Limited
Chen Zhenghua
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 March 2020, 2021, and 2022 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.kwanonconstruction.com) and which can be accessed by the direct hyperlinks below:

- annual report of the Company for the year ended 31 March 2020 published on 30 July 2020 (pages 56 to 157):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073001006.pdf>

- annual report of the Company for the year ended 31 March 2021 published on 23 July 2021 (pages 53 to 149):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0723/2021072300278.pdf>

- annual report of the Company for the year ended 31 March 2022 published on 14 July 2022 (pages 53 to 153):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0714/2022071400571.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 7 July 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had the following indebtedness:

Bank borrowings

The total indebtedness of the Group amounted to approximately HK\$223.7 million which comprised:

- (i) bank borrowings of approximately HK\$140.8 million which were guaranteed by entities within the Group and were secured by certain of the Group's bank deposits;
- (ii) bank borrowings of approximately HK\$43.8 million which were guaranteed by a non-controlling interest of the Company's subsidiary and were secured by the freehold land to be developed for sale of the Group;
- (iii) bank borrowing of approximately HK\$30.0 million which was guaranteed by the Company and was secured by the Group's leasehold land and building located in Hong Kong; and
- (iv) bank borrowing of approximately HK\$9.1 million which was unguaranteed and was secured by the Group's leasehold land and building located in Hong Kong.

Lease liabilities

As at 7 July 2022, the lease liabilities of the Group was approximately HK\$12.1 million.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, apart from intra-group liabilities and normal trade payable, accruals and other payables in the ordinary course of business, the Group did not have outstanding at the close of business on 7 July 2022 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Save as disclosed above, the Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 7 July 2022.

3. FINANCIAL AND TRADING PROSPECTS

The several waves of local epidemic and resultant restrictive measures dealt a severe blow to domestic economic activities and constrained the general economic sentiment. Epidemic-induced cross-boundary transportation and supply chain disruptions weighed heavily on stability of supply in wide range of construction materials, thus causing supply bottlenecks and inflating the material prices. The Group's performance in construction projects, particularly the civil engineering works in Hong Kong, saw a marked deterioration in the year. The operational difficulties caused by the epidemic control measures at construction sites and epidemic-induced temporary shortage in manpower and material posed unavoidable delay in certain projects of the Group.

Although the Development Bureau of the Hong Kong government announced in March 2022 that the government would flexibly handle requests from contractors for extension of time for all government works contracts in progress in light of the latest COVID-19 development, the announcement did not address the issue of time costs which can be very significant for certain projects. The Group's project teams estimated the delay in projects and precautionary measures for COVID-19 had already costed the Group additional fixed manpower cost, subcontracting fee and overhead expense, which remained to be dealt with under the terms of the construction contract and to be discussed further with government departments concerned.

International construction markets were still full of uncertainties mainly from unprecedented responses and lockdown measures for the epidemic situation by different local governments. Again, epidemic-induced temporary shortage in manpower and construction materials was the biggest challenge to the industry globally. The management has reviewed the businesses in the Group's oversea segments in construction and property development and considered minimising the operational risk became the first priority of the Group.

The Group owns two contiguous parcels of land for development use. The two parcels of land are located at 550 Jorge Bocobo Extension, Ermita, Manila, National Capital Region, the Philippines (the “**Property**”). The proposed development of the Property has a gross floor area (“**GFA**”) of approximately 128,132.00 sq.m and a saleable area of approximately 104,294.00 sq.m. According to the current plan, the Property will be developed into two 55-storey apartment towers accommodating over 2,000 residential units, with a shopping mall and over 400 carparking spaces. Nevertheless, the global epidemic posed severe disruptions to various processes of taking the proposed development forward. These processes are closely intertwined, including from project design, manpower deployment, supply of materials to implementation of construction works along with the time cost in financing these activities. The management is closely monitoring the epidemic-induced situation and will endeavour to finalise the construction plan and building design that is yet to be approved by the local authority.

Looking forward, the epidemic control measures may continue to weight pressure on the Group’s performance in construction-related segment. Nevertheless, cross-boundary supply chain disruptions may gradually ease alongside receding local epidemic situation and progressive relaxation of epidemic control measures. The management is cautiously optimistic about the recovery of the construction industry and economy in Hong Kong and China as a whole after the second quarter of 2022. The management expected the civil engineering contracts will continue to provide a stable income source for the Group in the foreseeable future.

By leveraging the support from the business network of the Company’s largest shareholder while engaging the Group’s experienced project management team, the Group will continue to explore the potential business opportunity, particularly in China which has grown into the world’s second largest economy and destined to remain an engine of global economy for the next decade despite near-term challenges due to the effect of the global pandemic.

4. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group, the available banking facilities and the estimated net proceeds to be derived from the Rights Issue, in the absence of unforeseen circumstance, the Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of publication of this prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 as if the Rights Issue had been completed on 31 March 2022.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022, as extracted from the published annual report of the Company for the year ended 31 March 2022, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 March 2022 or any future date.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue <i>HK\$'000</i>	Audited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2022 <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after the completion of the Rights Issue <i>HK\$'000</i> <i>(Note 4)</i>
Scenario I	427,527	57,900	485,427	0.27	0.25
Scenario II	427,527	29,684	457,211	0.27	0.26

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 of HK\$427,527,000 after deducting non-controlling interests of HK\$1,384,000, as extracted from the published annual report of the Company for the year ended 31 March 2022.

2. **Scenario I**

Assume all Qualifying Shareholders take part in the Rights Issue, the estimated net proceeds from the Rights Issue are based on 396,000,000 Rights Shares to be issued (in the proportion of one Rights Share for every four Shares held on the Record Date) at the subscription price of HK\$0.15 per Rights Share and after deduction of the related expenses of approximately HK\$1.5 million.

HK\$'000

Estimated net proceeds (396,000,000 Rights Shares × HK\$0.15 per Rights Share)	59,400
Estimated related expenses	(1,500)
	<u>57,900</u>

Scenario II

Assume only the Company's substantial shareholder takes part in the Rights Issue, the estimated net proceeds from the Rights Issue are based on 207,891,250 Rights Shares to be issued (in the proportion of one Rights Share for every four Shares held on the Record Date) at the subscription price of HK\$0.15 per Rights Share and after deduction of the related expenses of approximately HK\$1.5 million.

HK\$'000

Estimated net proceeds (207,891,250 Rights Shares × HK\$0.15 per Rights Share)	31,184
Estimated related expenses	(1,500)
	<u>29,684</u>

3. The audited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2022 of HK\$0.27 was based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 of HK\$427,527,000 and 1,584,000,000 Shares in issue as at 31 March 2022.

HK\$'000

Audited consolidated net tangible assets of the Group attributable to owners of the Company	<u>427,527</u>
Number of shares	<u>1,584,000,000</u>

HK\$

Audited consolidated net tangible assets of the Group per Share attributable to owners of the Company	<u>0.27</u>
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4. **Scenario I**

Assume all Qualifying Shareholders take part in the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company is arrived after aggregating the audited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$427,527,000 as at 31 March 2022 (Note 1) and the estimated net proceeds of HK\$57,900,000 from the Rights Issue (Note 2) and on the basis that 1,584,000,000 Shares were in issue as at 31 March 2022 and 396,000,000 Rights Shares were issued under the Rights Issue assuming the Rights Issue has been completed on 31 March 2022, but does not take into account of any Shares which may be issued upon the exercise of options granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the repurchase mandate.

	<i>HK\$'000</i>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	485,427
Number of shares	1,980,000,000
	<i>HK\$</i>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company	0.25

Scenario II

Assume only the Company's substantial shareholder takes part in the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company is arrived after aggregating the audited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$427,527,000 as at 31 March 2022 (Note 1) and the estimated net proceeds of HK\$29,684,000 from the Rights Issue (Note 2) and on the basis that 1,584,000,000 Shares were in issue as at 31 March 2022 and 207,891,250 Rights Shares were issued under the Rights Issue assuming the Rights Issue has been completed on 31 March 2022, but does not take into account of any Shares which may be issued upon the exercise of options granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the repurchase mandate.

	<i>HK\$'000</i>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	457,211
Number of shares	1,791,891,250
	<i>HK\$</i>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company	0.26

5. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2022.

2. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of the independent reporting accountant's assurance report dated 26 August 2022, prepared for the sole purpose of inclusion of this prospectus, received from independent reporting accountant, PKF Hong Kong Limited, in respect of the unaudited pro forma financial information of the Group.



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

大信梁學濂(香港)會計師事務所有限公司

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

TO THE BOARD OF DIRECTORS OF KWAN ON HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kwan On Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 24 to 26 of the Company's prospectus dated 26 August 2022 (the “**Prospectus**”), in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 24 to 26.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the Group's financial position as at 31 March 2022 as if the proposed rights issue had taken place at 31 March 2022. As part of this process, information about the Group's financial position as at 31 March 2022 has been extracted by the Directors from the published annual report for the Company for the year ended 31 March 2022.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 31 March 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PKF Hong Kong Limited

Certified Public Accountants

Tan Yik Chung Wilson

Practising Certificate Number: P05103

Hong Kong, 26 August 2022

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 prospectus 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 prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue (assuming full acceptance of the provisional allotment of Rights Shares) were and will be as follows:

Number of Shares	Nominal value HK\$
<i>Authorised:</i>	
<u>2,000,000,000</u> Shares	<u>20,000,000.00</u>
<i>Issued and fully-paid:</i>	
1,584,000,000 Shares in issue as at the Latest Practicable Date	15,840,000.00
<u>396,000,000</u> Shares to be issued pursuant to the Rights Issue	<u>3,960,000.00</u>
<u>1,980,000,000</u> Shares) Shares in issue after completion of Rights Issue (assuming full acceptance of the provisional allotment of Rights	<u>19,800,000.00</u>

The Rights Shares, when allotted and fully-paid, will rank *pari passu* in all respects, including the rights to dividends, voting and return of capital, with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options, or warrants in issue which conferred any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; or (iv) required to be disclosed under the Takeovers Code were as follows:

Name	Capacity	Number of issued shares interested	Approximate percentage of the issued share capital of the Company
Mr. Chen	Interest of controlled corporation	831,565,000 (L)	52.50%

Note:

The interests of Mr. Chen was held by Sino Coronet Group Limited (“Sino Coronet”), which is a wholly-owned subsidiary of Jiangsu Provincial Construction Group Co., Ltd.* (江蘇省建築工程集團有限公司) (“Jiangsu Construction”), which in turn is owned as to 50% by Greenland Infrastructure Group Co., Ltd.* (綠地大基建集團有限公司) (“Greenland Infrastructure”), 35% by Jiangsu Huayuan Investment Group Ltd.* (江蘇華遠投資集團有限公司) (“Jiangsu Huayuan”) and 15% by Nanjing Urban Development & Equity Investment Partnership Corporation Ltd. (Limited Partnership)* (南京城開股權投資合夥企業 (有限合夥)) (“Nanjing Urban Development”). Jiangsu Huayuan is owned as to 99% by Mr. Chen and 1% by Ms. Dou Zhenghong.

Save for the above, as at the Latest Practicable Date, there were no other interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; or (iv) required to be disclosed under the Takeovers Code.

(b) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware or could ascertain after reasonable enquiry, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had options in respect of such capital:

Name	Capacity	Number of issued shares interested	Approximate percentage of the issued share capital of the Company
Sino Coronet Group Limited	Beneficial owner (<i>Note</i>)	831,565,000 (L)	52.50%
Jiangsu Provincial Construction Group Co., Ltd.* 江蘇省建築工程集團有限公司	Interest of controlled corporation (<i>Note</i>)	831,565,000 (L)	52.50%
Jiangsu Huayuan Investment Group Ltd.* 江蘇華遠投資集團有限公司	Interest of controlled corporation (<i>Note</i>)	831,565,000 (L)	52.50%
Greenland Infrastructure Group Co., Ltd.* 綠地大基建集團有限公司	Interest of controlled corporation (<i>Note</i>)	831,565,000 (L)	52.50%
Greenland Holding Group Co., Ltd.* 綠地控股集團有限公司	Interest of controlled corporation (<i>Note</i>)	831,565,000 (L)	52.50%
Greenland Holdings Corporation Ltd.* 綠地控股集團股份有限公司 ("Greenland Holdings")	Interest of controlled corporation (<i>Note</i>)	831,565,000 (L)	52.50%

Note:

The 831,565,000 Shares were held by Sino Coronet, which is wholly-owned by Jiangsu Construction, which in turn is owned as to 50% by Greenland Infrastructure, 35% by Jiangsu Huayuan and 15% by Nanjing Urban Development.

Greenland Infrastructure is wholly-owned by Greenland Holding Group Co., Ltd.* (綠地控股集團有限公司), which in turn is wholly-owned by Greenland Holdings, a company established under the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600606).

Save as disclosed above and so far as the Directors and the chief executive of the Company were aware, as at the Latest Practicable Date, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had options in respect of such capital.

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, the date to which the latest published audited financial statements of the Group were made up.

Save as disclosed in this prospectus, there is no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholders or their respective associates had any interests in any business which competes or is likely to compete with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claims of material importance pending or threatened against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinion or advice which is contained in this prospectus:

Name	Qualification
PKF Hong Kong (“ PKF ”)	Certified Public Accountants

PKF has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its opinion and/or references to its name in the form and context in which they respectively appear.

PKF does not have:

- (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date; or
- (b) any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, the date to which the latest published audited financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material (not being contract(s) entered into in the ordinary course of business carried on or intended to be carried on by the Group) during two years preceding and up to the Latest Practicable Date.

10. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

(a) Names and addresses

Name	Business address
<i>Executive Directors</i>	
Chen Zhenghua	Unit 3401, 118 Connaught Road West, Hong Kong
Zhang Fangbing	Unit 3401, 118 Connaught Road West, Hong Kong
Cao Lei	Unit 3401, 118 Connaught Road West, Hong Kong
<i>Independent non-executive Directors</i>	
Professor Lam Sing Kwong, Simon	Unit 3401, 118 Connaught Road West, Hong Kong
Mr. Lum Pak Sum	Unit 3401, 118 Connaught Road West, Hong Kong
Mr. Gong Zhenzhi	Unit 3401, 118 Connaught Road West, Hong Kong
<i>Senior management</i>	
Mr. Shen Zhi	Unit 3401, 118 Connaught Road West, Hong Kong

(b) Brief biographical details

Executive Directors

Mr. Chen Zhenghua

Mr. Chen Zhenghua (陳正華) (“**Mr. Chen**”), aged 59, was appointed as an Executive Director and the Chairman of the Board on 1 June 2017. Mr. Chen graduated with a Master of Business Administration Degree (EMBA) from Tsinghua University. He is a senior economist and a member of the Chinese People’s Political Consultative Conference of Jiangsu Province* (江蘇省政協常委). Mr. Chen is also the managing director of the Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司). He has been awarded the titles of “Outstanding Entrepreneur of the Building Industry of China*” (全國建築業優秀企業家), “Outstanding Entrepreneur of Construction Companies of China*” (全國施工企業優秀企業家), and the “National May 1 Labour Medal*” (全國五一勞動獎章). In addition, Mr. Chen is an executive director of the Chinese Association for International Understanding* (中國國際交流協會), a chief supervisor of the Jiangsu Overseas Chinese Entrepreneurs Association* (江蘇僑商總會), the vice chairman of the Jiangsu Construction Industry Association* (江蘇省建築行業協會), the vice chairman of the Construction Market Manage Association of Jiangsu Province* (江蘇省建築市場管理協會), the vice chairman of the Jiangsu Sushang Development Promotion Association* (江蘇省蘇商發展促進會), and the honorary president of the Nanjing Overseas Chinese Investment Enterprise Association* (南京市僑商投資企業協會). For details of Mr. Chen’s interests or short positions in the Shares, underlying Shares and debentures of the Company, please refer to the paragraph headed “3. Disclosure of Interests” in this Appendix III.

Mr. Zhang Fangbing

Mr. Zhang Fangbing (張方兵) (“**Mr. Zhang**”), aged 44, was appointed as an Executive Director and Chief Executive Officer on 1 June 2017 and 15 January 2020 respectively. Mr. Zhang graduated with a Bachelor Degree in Civil Engineering from Hohai University* (河海大學). He is a senior engineer and a contractor* (全國註冊一級建造師).

Mr. Zhang is the vice president and the chairman of overseas companies (副總裁兼國際工程公司董事長) of the Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司).

Mr. Zhang has been awarded the titles of “China Jiangsu Overseas Outstanding Project Manager*” (江蘇省境外優秀項目經理), “Review Expert of the Ministry of Commerce of the People’s Republic of China Foreign Assistance Projects*” (商務部對外援助成套項目) and “Internationalisation Expert of Jiangsu Enterprises*” (江蘇省企業國際化專家).

Mr. Cao Lei

Mr. Cao Lei (曹累) (“**Mr. Cao**”), aged 47, was appointed as an Executive Director on 9 February 2018. He graduated from the College of Economics and Management* of Nanjing University of Aeronautics and Astronautics* (南京航空航天大學工商學院) with a professional qualification in marketing in June 1994. Mr. Cao has over 20 years’ of work experience. Mr. Cao had been appointed as the General Manager of Nanjing Xinsida Technology Limited* (南京信思達科技有限公司) from 2000 to 2005 and as the Chairman of Suzhou Hongyi Real Estate Limited* (蘇州鴻意地產有限公司) from 2003 to 2008. Mr. Cao was appointed as the Chairman of Nanjing Minsheng Leasing Limited* (南京市民生租賃有限公司) from 2013 to 2016.

Independent non-executive Directors**Professor Lam Sing Kwong, Simon**

Professor Lam Sing Kwong, Simon (林誠光) (“**Professor Lam**”), aged 63, was appointed as an Independent Non-executive Director on 16 March 2015. Professor Lam is currently a Professor of Management and Strategy at the Faculty of Business and Economics, University of Hong Kong.

He is the Director of the Centre of Asian Entrepreneurship and Business Values and Ian Davies Endowed Professor in Ethics. Before joining University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance.

Professor Lam is an independent non-executive director of Sinomax Group Limited (stock code: 01418) and Overseas Chinese Town (Asia) Holdings Limited (stock code: 03366).

Professor Lam is also an independent non-executive director of Jacobson Pharma Corporation Limited (stock code: 02633) and Qingci Games Inc. (stock code: 06633).

Mr. Lum Pak Sum

Mr. Lum Pak Sum (林柏森) (“**Mr. Lum**”), aged 61, was appointed as an Independent Non-executive Director on 26 August 2016. Mr. Lum obtained a master’s degree in business administration from University of Warwick UK in 1994 and a bachelor’s degree in laws from University of Wolverhampton UK in 2002. He has been a non practising fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, U.K. since 1996 and 1993 respectively. Mr. Lum possesses over 20 years working experience in money market and capital market.

Mr. Lum’s positions in other companies listed on the Stock Exchange in the present and in the past three years are set out below:

Name of company	Position	Period of service
China Asia Valley Group Limited (stock code: 63)	Independent non-executive director	September 2019 to June 2021
Great China Properties Holdings Limited (stock code: 21)	Independent non-executive director	August 2007 to present
I-Control Holdings Limited (stock code: 1402)	Independent non-executive director	May 2015 to present
Anxian Yuan China Holdings Limited (stock code: 922)	Independent non-executive director	May 2017 to present
TATA Health International Holdings Limited (stock code: 1255)	Independent non-executive director	June 2017 to June 2021
Sunway International Holdings Limited (stock code: 58)	Non-executive director	May 2019 to present

Mr. Gong Zhenzhi

Mr. Gong Zhenzhi (龔振志) (“**Mr. Gong**”), aged 51, was appointed as an Independent Non-executive Director on 23 April 2018. Mr. Gong graduated from Southeast University* (東南大學) in Nanjing, China with a Bachelor Degree in Engineering in the profession of manufacturing of machinery and equipment* (機械製造工藝與設備專業) in June 1993. In March 1999, Mr. Gong obtained a Master’s Degree in Management in the profession of management science and engineering from Nanjing University of Aeronautics and Astronautics* (南京航空航天大學). In October 2008, Mr. Gong obtained a Doctoral Degree in Management in the profession of management science and engineering from Southeast University* (東南大學). In June 2010, Mr. Gong obtained a Master of Public Management Degree from The University of Maryland. Mr. Gong has served as the head of a High-tech Product Research and Development Department of a large scale state-owned enterprise, the chairman of a large scale state-owned enterprise and the president of a university’s Industrial Research Institute.

*Senior management***Mr. Shen Zhi**

Mr. Shen Zhi (沈治) (“**Mr. Shen**”) aged 44, was appointed as Chief Operating Officer of the Group on 9 February 2018. Mr. Shen is an engineer and an intermediate level accountant* (中級會計師). Mr. Shen is currently the Deputy General Manager* (常務副總經理) of Jiangsu Provincial Construction Group Overseas Company* (江蘇省建築工程集團有限公司海外公司) and the secretary of a branch of the Communist Party of China* (中國共產黨支部書記). Mr. Shen graduated from Yangzhou University* (揚州大學) with a professional qualification in Financial Accounting of Construction Works (基本建設財務會計) in June 1999 and obtained a Bachelor Degree in Economic and Administration Management from People’s Liberation Army Nanjing Political College* (中國人民解放軍南京政治學院) in December 2015.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Unit 3401 118 Connaught Road West Hong Kong
Authorised representatives	Mr. Zhang Fangbing Mr. Fung Kwok Wai Their business address is: Unit 3401 118 Connaught Road West Hong Kong
Company secretary	Mr. Fung Kwok Wai, fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of the Certified Public Accountants
Financial adviser to the Company	VMS Securities Limited 49/F One Exchange Square, 8 Connaught Place, Central, Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law:</i> Iu, Lai & Li Rooms 2201, 2201A & 2202 22nd Floor, Tower 1, Admiralty Centre 18 Harcourt Road Hong Kong

Auditors	PKF Hong Kong Limited Certified Public Accountants 26/F, Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Principal bankers	Bank of China (Hong Kong) Limited China Citic Bank International Limited Bangkok Bank Public Company Limited

12. EXPENSES

The expenses in connection with the Rights Issue, including accountancy fees, financial and legal advisory fees, printing and translation charges and the fees for the application for the listing of the Rights Shares are estimated to amount to approximately HK\$1.5 million and are payable by the Company.

13. DOCUMENTS REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG

Copies of the Prospectus Documents and the written consent by the expert(s) referred to in the paragraph headed “8. Expert and Consent” in this Appendix III have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

14. LEGAL EFFECT

This prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

15. BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

16. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.kwanonconstuction.com) for a period of 14 days from the date of this prospectus:

- (i) the annual reports of the Company for each of the years ended 31 March 2020, 31 March 2021 and 31 March 2022;
- (ii) the letter from PKF Hong Kong Limited relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus; and
- (iii) the written consent referred to in the paragraph headed “8. Expert and Consent” in this Appendix III.

17. MISCELLANEOUS

The English text of the Prospectus Documents shall prevail over the Chinese text.