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Sino Coronet Group Limited
華冠集團有限公司
(Incorporated in the British Virgin Islands with limited liability)

 **均安控股**
Kwan On Holdings
KWAN ON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1559)

JOINT ANNOUNCEMENT
(1) AGREEMENTS IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
KWAN ON HOLDINGS LIMITED
(2) MANDATORY CONDITIONAL CASH OFFER BY
VMS SECURITIES LIMITED FOR AND ON BEHALF OF
SINO CORONET GROUP LIMITED TO
ACQUIRE ALL OF THE ISSUED SHARES OF
KWAN ON HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO
BE ACQUIRED BY SINO CORONET GROUP LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER
AND
(4) RESUMPTION OF TRADING

Financial Adviser to the Offeror



THE SPAS

SPA I

The Board was informed by the Offeror that, on 4 September 2020 (after Trading Hours), Vendor I and the Offeror entered into and completed SPA I, pursuant to which the Offeror has acquired and Vendor I has sold an aggregate of 220,000,000 Shares, representing approximately 13.89% of the existing issued share capital of the Company as at the date of this joint announcement. The consideration for Sale Shares I is HK\$48,400,000, representing HK\$0.22 per Sale Share I.

SPA II

The Board was also informed by the Offeror that, on 4 September 2020 (after Trading Hours), Vendor II and the Offeror entered into and completed SPA II, pursuant to which the Offeror has acquired and Vendor II has sold an aggregate of 132,000,000 Shares, representing approximately 8.33% of the existing issued share capital of the Company as at the date of this joint announcement. The consideration for Sale Shares II is HK\$26,400,000, representing HK\$0.20 per Sale Share II.

MANDATORY CONDITIONAL CASH OFFER

Immediately before completion of the SPAs, the Offeror and parties acting in concert with it was interested in 248,000,000 Shares, representing approximately 15.66% of the issued share capital of the Company. After completion of the SPAs, the Offeror and parties acting in concert with it own a total of 600,000,000 Shares, representing approximately 37.88% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, the Company has 1,584,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

VMS Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code and on the terms to be set out in the Composite Document to be issued on the following basis:

For each Offer Share HK\$0.22 in cash

The Offer Price of HK\$0.22 per Offer Share under the Offer is the same as the highest purchase price per Sale Share paid by the Offeror under the SPAs.

The principal terms of the Offer are set out under the section headed “MANDATORY CONDITIONAL CASH OFFER” below in this joint announcement.

Total value of the Offer

As at the date of this joint announcement, there are 1,584,000,000 Shares in issue. Excluding the 600,000,000 Shares already owned by the Offeror and parties acting in concert with it and assuming there is no change in the number of issued Shares before the close of the Offer and on the basis of the Offer Price at HK\$0.22 per Offer Share, there are 984,000,000 Shares subject to the Offer and the value of the Offer is HK\$216,480,000.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Offer from the internal cash resources of the Offeror and will not depend to any significant extent on the business of the Group. VMS Securities, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer pursuant to Note 3 to Rule 3.5 of the Takeovers Code.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The IBC, comprising all the independent non-executive Directors (namely, Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi), has been constituted to give a recommendation to the Shareholders other than the Offeror and parties acting in concert with it as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Asian Capital Limited has been appointed as the independent financial adviser to the IBC in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Asian Capital Limited has been approved by the IBC.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in a composite document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement or such later date as the Executive may approve.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was halted with effect from 9:00 a.m. on 7 September 2020 pending the release of this joint announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on 11 September 2020.

WARNING

The Offer is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50.00% of the voting rights of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

THE SPAS

The Company wishes to announce that the Board was informed by the Offeror that after the Trading Hours on 4 September 2020, Vendor I and the Offeror entered into SPA I, details of which are set out below.

SPA I

Date : 4 September 2020

Parties : (i) Vendor I, as the vendor; and
(ii) the Offeror, as the purchaser.

Subject Matter of SPA I

Pursuant to SPA I, Vendor I has sold and the Offeror has acquired an aggregate of 220,000,000 Shares, being Sale Shares I, representing approximately 13.89% of the issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights attached to them on or after the Completion Date.

Consideration for Sale Shares I

The consideration for Sale Shares I of HK\$48,400,000, equivalent to HK\$0.22 per Sale Share I, was determined between the Offeror and Vendor I after arm's length negotiations.

Completion

Completion of SPA I is not subject to any condition and took place immediately after the signing of SPA I on the Completion Date.

The Company also wishes to announce that the Board was informed by the Offeror that after the Trading Hours on 4 September 2020, Vendor II and the Offeror entered into SPA II, details of which are set out below.

SPA II

Date : 4 September 2020

Parties : (i) Vendor II, as the vendor; and
(ii) the Offeror, as the purchaser.

Subject Matter of SPA II

Pursuant to SPA II, Vendor II has sold and the Offeror has acquired an aggregate of 132,000,000 Shares, being Sale Shares II, representing approximately 8.33% of the issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights attached to them on or after the Completion Date.

Consideration for Sale Shares II

The consideration for Sale Shares II of HK\$26,400,000, equivalent to HK\$0.20 per Sale Share II, was determined between the Offeror and Vendor II after arm's length negotiations.

Completion

Completion of SPA II is not subject to any condition and took place immediately after the signing of SPA II on the Completion Date.

MANDATORY CONDITIONAL CASH OFFER

Immediately before completion of the SPAs, the Offeror and parties acting in concert with it was interested in 248,000,000 Shares, representing approximately 15.66% of the issued share capital of the Company. After completion of the SPAs, the Offeror and parties acting in concert with it own a total of 600,000,000 Shares, representing approximately 37.88% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, the Company has 1,584,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

VMS Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

For each Offer Share HK\$0.22 in cash

The Offer Price of HK\$0.22 per Offer Share under the Offer is the same as the highest purchase price per Sale Share paid by the Offeror under the SPAs. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching thereto on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Condition of the Offer

The Offer is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50.00% of the voting rights of the Company.

The Offer may or may not become unconditional. Shareholders and investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Comparison of value

The Offer Price of HK\$0.22 per Offer Share represents:

- (i) a premium of approximately 41.94% over the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 45.70% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.151 per Share;
- (iii) a premium of approximately 41.03% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.156 per Share;
- (iv) a premium of approximately 41.94% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.155 per Share; and
- (v) a discount of approximately 32.52% to the audited consolidated net asset value per Share of approximately HK\$0.326 as at 31 March 2020 (which is calculated by dividing the audited consolidated net asset value attributable to owners of the Company as at 31 March 2020 of approximately HK\$516,517,000 by 1,584,000,000 Shares in issue as at the date of this joint announcement).

Highest and lowest Share price

During the six-month period up to and including the Last Trading Day:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.208 per Share on 10 March 2020; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.089 per Share on 18 June 2020.

Total value of the Offer

As at the date of this joint announcement, there are 1,584,000,000 Shares in issue. Excluding the 600,000,000 Shares already owned by the Offeror and parties acting in concert with it and assuming there is no change in the number of issued Shares before the close of the Offer and on the basis of the Offer Price at HK\$0.22 per Offer Share, there are 984,000,000 Shares subject to the Offer and the value of the Offer is HK\$216,480,000.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Offer from the internal cash resources of the Offeror and will not depend to any significant extent on the business of the Group. VMS Securities, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer pursuant to Note 3 to Rule 3.5 of the Takeovers Code.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which has not been paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distribution from the date of this joint announcement until the close or lapse of the Offer.

Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptance of the Offer at the rate of 0.10% of the consideration payable in respect of the acceptance by the Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, VMS Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other party involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Provided that the Offer has become, or have been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which (i) the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid; and (ii) when the Offer has become or is declared unconditional, whichever is later.

Dealing and interests in the Company's securities

Save for SPA I and SPA II, to which the Offeror is a party, none of the Offeror nor parties acting in concert with it has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date this joint announcement.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from the respective Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Other arrangements

The Offeror confirms that as at the date of this joint announcement:

- (i) none of the Offeror and/or parties acting in concert with it has received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or parties acting in concert with it;
- (iii) save for the SPAs, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) save for the Offeror's interest in 600,000,000 Shares, none of the Offeror and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the SPAs, there is no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (vii) other than the SPAs, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on the one hand and Vendor I and/or Vendor II and their respective concert parties on the other hand;
- (viii) other than the consideration paid under the SPAs, the Offeror and parties acting in concert with it has not paid and will not pay any other consideration, compensation or benefit in whatever form to Vendor I, Vendor II or their respective concert parties in relation to Sale Shares I or Sale Shares II; and
- (ix) there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b)(i) the Offeror and any parties acting in concert with it, or (b)(ii) the Company, its subsidiaries or associated companies.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before completion of the SPAs; and (ii) as at the date of this joint announcement:

Shareholders	(i) Immediately before completion of the SPAs		(ii) As at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and parties acting in concert with it (<i>Note</i>)	248,000,000	15.66	600,000,000	37.88
Vendor I	220,000,000	13.89	0	0.00
Vendor II	132,000,000	8.33	0	0.00
Other public Shareholders	984,000,000	62.12	984,000,000	62.12
Total	1,584,000,000	100.00	1,584,000,000	100.00

Note: The Shares are owned by the Offeror.

INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in construction related business and property development in both Hong Kong and Southeast Asia.

Set out below is a summary of certain audited consolidated financial information of the Group for the two years ended 31 March 2019 and 31 March 2020 respectively as disclosed in the annual reports of the Company:

	For the year ended 31 March	
	2019 (audited) <i>HK\$'000</i>	2020 (audited) <i>HK\$'000</i>
Revenue	731,839	599,912
Profit before income tax	32,681	17,789
Profit for the year	26,104	14,571

	As at 31 March	
	2019	2020
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets attributable to owners of the Company	371,401	516,517
Net assets	372,687	516,150

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 November 2016. As at the date of this joint announcement, the Offeror held approximately 37.88% of the issued share capital of the Company.

As at the date of this joint announcement, the Offeror is wholly owned by 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 Construction is principally engaged in the property and infrastructure construction and real estate development business in the PRC.

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 Corporation Limited* (綠地控股集團股份有限公司) (“**Greenland Holdings**”), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600606). Greenland Holdings is principally engaged in the property development business in the PRC. Greenland Holdings is owned as to 29.13% by Shanghai Greenland Investment Corporation (Limited Partnership)* (上海格林蘭投資企業(有限合夥)), 25.82% by Shanghai Land (Group) Co., Ltd.* (上海地產(集團)有限公司) and 20.55% by Shanghai Municipal Investment (Group) Corporation* (上海城投(集團)有限公司).

Jiangsu Huayuan is owned as to 99% by Mr. Chen Zhenghua and 1% by Ms. Dou Zhenghong.

Nanjing Urban Development is a limited partnership established in the PRC.

The limited partners and their respective shareholdings in Nanjing Urban Development are:

Nanjing Urban Development and Equity I Management Center (Limited Partnership)* (南京城開壹股權投資管理中心(有限合夥)), 31.997%;

Nanjing Urban Development and Equity II Management Center (Limited Partnership)* (南京城開貳股權投資管理中心(有限合夥)), 14.716%;

Nanjing Urban Development and Equity III Management Center (Limited Partnership)* (南京城開參股權投資管理中心(有限合夥)), 11.577%;

Nanjing Urban Development and Equity IV Management Center (Limited Partnership)* (南京城開肆股權投資管理中心(有限合夥)), 10.285%;

Nanjing Urban Development and Equity VI Management Center (Limited Partnership)* (南京城開陸股權投資管理中心(有限合夥)), 16.334%; and

Nanjing Urban Development and Equity VII Management Center (Limited Partnership)* (南京城開柒股權投資管理中心(有限合夥)), 15.081%.

The general partner and its shareholding in Nanjing Urban Development are:

Jiangsu Urban Development and Investment Ltd.* (江蘇省城開投資有限公司), 0.010%.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Chen Zhenghua.

INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY

Following the close or lapse of the Offer, the Offeror intends to continue with the Group's existing principal business. The Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Group following the close or lapse of the Offer; (ii) discontinue the employment of any employees of the Group; or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business. The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Chen Zhenghua, Mr. Zhang Fangbing and Mr. Cao Lei, and three independent non-executive Directors, being Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi.

As at the date of this joint announcement, the Offeror has not decided on the future composition of the Board. The Offeror may make changes to the composition of the Board by nominating new Directors to facilitate the business operation and management of the Group after the close or lapse of the Offer. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close or lapse of the Offer.

In the event that the public float of the Company falls below 25.00% following the close of the Offer, each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25.00% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The IBC, comprising all the independent non-executive Directors (namely, Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi), has been constituted to give recommendation to the Shareholders other than the Offeror and parties acting in concert with it as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Asian Capital Limited has been appointed as the Independent Financial Adviser with the approval of the IBC to advise the IBC in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in a composite document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement or such later date as the Executive may approve.

The Composite Document will contain, among other things, details of the Offer (accompanied by the acceptance and transfer forms) and incorporate the letter of recommendation from the IBC and the letter of advice from the Independent Financial Adviser and other relevant information on the Offeror and the Group as required under the Takeovers Code.

DISCLOSURE IN DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code and including persons holding 5.00% or more of a class of relevant securities) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was halted with effect from 9:00 a.m. on 7 September 2020 pending the release of this joint announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on 11 September 2020.

WARNING

The Offer is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50.00% of the voting rights of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

- “acting in concert” has the meaning ascribed to it under the Takeovers Code
- “associate(s)” has the meaning ascribed to it under the Takeovers Code
- “Board” the board of Directors
- “Business Day(s)” a day on which the Stock Exchange is open for the transaction of business
- “BVI” the British Virgin Islands
- “Closing Date” the date to be stated in the Composite Document as the First Closing Date or any subsequent closing date as may be announced by the Offeror and approved by the Executive under the Takeovers Code

“Company”	Kwan On Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1559)
“Completion Date”	the date on which completion of SPA I and SPA II took place, both being 4 September 2020
“Composite Document”	the document proposed to be jointly issued by or on behalf of the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer containing, among other things, the details of the Offer (accompanied by the acceptance and transfer forms) and the respective letters of advice from the Independent Financial Adviser and the IBC
“Directors”	the directors of the Company
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any of his/her delegate
“First Closing Date”	the first closing date of the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBC”	the independent committee of the Board established pursuant to the Takeovers Code to give recommendation to the Shareholders other than the Offeror and parties acting in concert with it as to whether the Offer is fair and reasonable and as to acceptance of the Offer

“Independent Financial Adviser”	Asian Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the IBC
“Last Trading Day”	4 September 2020, being the last trading day for the Shares prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory conditional cash offer to be made by VMS Securities for and on behalf of the Offeror to acquire all the issued Shares other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code
“Offeror”	Sino Coronet Group Limited, a company incorporated in BVI with limited liability
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.22 per Offer Share
“Offer Shares”	all the Shares in issue, other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purposes of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	collectively, Sale Shares I and Sale Shares II
“Sale Shares I”	220,000,000 Shares sold by Vendor I and purchased by the Offeror pursuant to the terms and conditions of SPA I, representing approximately 13.89% of the total issued share capital of the Company as at the date of this joint announcement

“Sale Shares II”	132,000,000 Shares sold by Vendor II and purchased by the Offeror pursuant to the terms and conditions of SPA II, representing approximately 8.33% of the total issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company and the term “Share” shall be construed accordingly
“SPA I”	the sale and purchase agreement dated 4 September 2020 entered into between Vendor I and the Offeror for the sale and purchase of Sale Shares I
“SPA II”	the sale and purchase agreement dated 4 September 2020 entered into between Vendor II and the Offeror for the sale and purchase of Sale Shares II
“SPAs”	SPA I and SPA II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Trading Hours”	the hours during which the Stock Exchange is open for the transaction of business
“Vendor I”	Splendid Horizon Limited, a company incorporated in BVI with liability limited and is owned as to 50% by Mr. He Guangping and as to 50% by Mr. Li Guosheng
“Vendor II”	Fortune Elite Holdings Limited, a company incorporated in BVI with liability limited and is owned as to 60% by Mr. Huang Chih Chien and as to 40% by Ms. Ang Ellena Balesteros

“VMS Securities”	VMS Securities Limited, the financial adviser of the Offeror and parties presumed to be acting in concert with it in respect of the Offer, and is a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
“%”	per cent

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

By order of the board of directors of
Sino Coronet Group Limited
Chen Zhenghua
Director

By order of the Board
Kwan On Holdings Limited
Zhang Fangbing
Director

Hong Kong, 10 September 2020

As at the date of this joint announcement, the executive Directors are Mr. Chen Zhenghua, Mr. Zhang Fangbing and Mr. Cao Lei, and the independent non-executive Directors are Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than any information relating to (i) the Offeror and parties acting in concert with it; (ii) Vendor I and/or (iii) Vendor II) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of the Offeror is Mr. Chen Zhenghua. The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than any information relating to the Group and the Directors) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of Jiangsu Construction comprise Mr. Chen Zhenghua, Mr. Qiu Tianqing, Mr. Huang Jiancan, Mr. Wu Weidong and Ms. Zhang Jian. The directors of Jiangsu Construction jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than any information relating to the Group and the Directors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.