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Mr. Cheung Chi Shing



STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

JOINT ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This joint announcement is made by the Company and the Potential Offeror pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

THE ACQUISITIONS

On 5 July 2022, the Potential Offeror, the single largest shareholder of the Company as at the date of this joint announcement, acquired an aggregate of 30,623,172 Acquired Shares (representing approximately 4.32% of the entire issued share capital of the Company as at the date of this joint announcement) at a consideration of HK\$0.088 per Share from the Vendors. The Acquisitions were completed on 5 July 2022.

Background of the Acquisitions

On 4 July 2022, the Potential Offeror was approached by Vendor A, who joined the Group since 1986 and resigned in 1993, and Vendor A made a request to the Potential Offeror to acquire the Acquired Shares of 8,900,000 Shares from Vendor A at a consideration of HK\$0.088 per Share as Vendor A intended to realise his shareholding in the Company. The Potential Offeror agreed to acquire the Acquired Shares of 8,900,000 Shares from Vendor A.

Vendor A further indicated to the Potential Offeror that his long-standing acquaintance, who held 21,723,172 Shares through Vendor B, also had the intention to dispose of all of her Shares as she intended to realise her shareholding in the Company. The Potential Offeror agreed to acquire the Acquired Shares of 21,723,172 Shares from Vendor B.

On 5 July 2022, the Potential Offeror entered into a bought and sold note with Vendor A, pursuant to which the Potential Offeror acquired the Acquired Shares of 8,900,000 Shares from Vendor A at a consideration of HK\$0.088 per Share. On the same date, the Potential Offeror executed the acquisition of the Acquired Shares of 21,723,172 Shares from Vendor B through the securities accounts maintained by them.

The Acquisitions were completed on 5 July 2022.

As illustrated above, the Potential Offeror executed the Acquisitions on 5 July 2022 after being approached by the Vendors on 4 July 2022. At the material time, the Potential Offeror could not recall the exact shareholding interest in the Company held by his family members who had held the Shares for almost a decade. During the course of completing the relevant disclosure of interest pursuant to the SFO, on 6 July 2022, the Potential Offeror realised his interest in the Shares after the Acquisitions should be aggregated with the number of Shares held by his family members. As such, on 7 July 2022, the Potential Offeror contacted his son, Mr. Cheung Hoo Yin, and realised that Mr. Cheung Hoo Yin had been holding certain Shares since nearly a decade ago.

After seeking professional advice, the Potential Offeror realised that the Acquisitions have triggered the requirement to make the Potential Offers under the Takeovers Code. In light of the above, on 10 July 2022, the Potential Offeror informed the Company of the Acquisitions in writing, where the Potential Offeror and the parties acting in concert with him would be interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

IMPLICATIONS OF THE ACQUISITIONS UNDER THE TAKEOVERS CODE

Immediately prior to the Acquisitions, the Potential Offeror and the parties acting in concert with him own or control or have direction over 195,230,191 Shares, representing approximately 27.52% of the entire issued share capital of the Company, but do not own or control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion and as at the date of this joint announcement, the Potential Offeror and parties acting in concert with him are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

Accordingly, the Potential Offeror is required to make mandatory conditional cash offers for (i) all the issued Shares (other than those already owned and/or agreed to be acquired by the Potential Offeror or parties acting in concert with him) pursuant to Rule 26.1 of the Takeovers Code; and (ii) all the outstanding Convertible Bonds pursuant to Rule 13.5 of the Takeovers Code.

As the Potential Offeror triggered the requirement to make the Potential Offers under the Takeovers Code after the Acquisitions, prior to the triggering of the Potential Offers, the Potential Offeror did not obtain the relevant regulatory approvals from the SFC in accordance with Note 4 to Rule 26.2 of the Takeovers Code in relation to becoming a substantial shareholder of the relevant companies of the Group which are corporations licensed by the SFC for conducting regulated activities as detailed in the section headed “Licensed corporations under the SFO” below. As such, the Potential Offeror is not yet available to make the Potential Offers as at the date of this joint announcement, which constituted a breach of Note 4 to Rule 26.2 of the Takeovers Code.

The Executive reserves the right to take further action against the Potential Offeror.

LICENSED CORPORATIONS UNDER THE SFO

As at the date of this joint announcement, certain subsidiaries of the Company are corporations licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Details of which are set out below:

Licensed Corporations of the Group	Licence Type
Ever-Long Futures Limited	Type 2 (dealing in futures contracts)
Ever-Long Research Limited	Type 4 (advising on securities)
Ever-Long Securities Company Limited	Type 1 (dealing in securities) Type 4 (advising on securities) Type 6 (advising on corporate finance)
Ever-Long Capital Management Limited	Type 9 (asset management)

Under the SFO, a person shall not become and continue to be a substantial shareholder (as defined under the SFO) of a licensed corporation without first being approved by the SFC, and a person who contravenes the aforementioned commits an offence under the SFO. Immediately after Completion and as at the date of this joint announcement, the Potential Offeror and parties acting in concert with him are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company. In the event the Potential Offers becoming unconditional, the Potential Offeror together with parties acting in concert with him will become interested in 35% or more of the Shares and hence a new substantial shareholder (as defined under the SFO) of such licensed corporations.

If the Potential Offers do not become unconditional and no Shares will be acquired by the Potential Offeror and parties acting in concert with him under the Potential Offers, the Potential Offeror will not become a new substantial shareholder (as defined under the SFO) of such licensed corporations.

As illustrated under the section headed “The Acquisitions” above, the Potential Offeror triggered the requirement to make the Potential Offers under the Takeovers Code after the Acquisitions. In addition, the Potential Offeror will only become a substantial shareholder (as defined under the SFO) of such licensed corporations in the event the Potential Offers becoming unconditional. As such, prior to the Acquisitions, the Potential Offeror did not submit the relevant application to the SFC to seek approval pursuant to section 132 of the SFO for the Potential Offeror to be a substantial shareholder of the relevant companies of the Group which are corporations licensed by the SFC for conducting regulated activities. Accordingly, the Potential Offeror did not obtain the relevant regulatory approvals before the triggering the Potential Offers in accordance with Note 4 to Rule 26.2 of the Takeovers Code.

In view of the possibility of becoming a new substantial shareholder (as defined under the SFO) of such licensed corporations in the event the Potential Offers becoming unconditional, on 23 July 2022, the Potential Offeror via the Group submitted an application to the SFC to seek approval pursuant to section 132 of the SFO for the Potential Offeror to be a substantial shareholder of the relevant companies of the Group which are corporations licensed by the SFC for conducting regulated activities. The Potential Offeror shall use his best endeavours to obtain the requisite approval as soon as possible.

SFO confers various powers to the SFC, including the power to direct the licensed corporation concerned as to its management and to restrict the voting power of the new substantial shareholder (as defined under the SFO) of such licensed corporations in case the abovementioned requirement under the SFO has not been complied with. In the event that the Potential Offeror becomes a substantial shareholder (as defined under the SFO) of a licensed corporation without first being approved by the SFC, the operation of the relevant subsidiaries of the Company may be adversely affected.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately before the Acquisitions; and (ii) immediately after Completion and as at the date of this joint announcement:

	Immediately Before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares (Note 4)</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares (Note 4)</i>
The Potential Offeror (<i>Note 1</i>)	112,148,360	15.81	142,771,532	20.13
Ms. Yeung (<i>Note 1</i>)	18,299,534	2.58	18,299,534	2.58
K. Y. Limited (<i>Note 2</i>)	25,965,916	3.66	25,965,916	3.66
Cheung Hoo Yin (<i>Note 3</i>)	38,816,381	5.47	38,816,381	5.47
The Potential Offeror and parties acting in concert with him	195,230,191	27.52	225,853,363	31.84
Vendor A	8,900,000	1.26	–	–
Vendor B	21,723,172	3.06	–	–
Public Shareholders	483,461,650	68.16	483,461,650	68.16
Total	709,315,013	100.00	709,315,013	100.00

Notes:

- The Potential Offeror is the spouse of Ms. Yeung.*
- K.Y. Limited is wholly owned by Kenvonia Holdings Limited which is in turn held equally by the Potential Offeror and Ms. Yeung.*
- Mr. Cheung Hoo Yin is the son of the Potential Offeror and Ms. Yeung.*
- The percentages are subject to rounding difference, if any.*

RELEVANT SECURITIES OF THE COMPANY

As at the date of this joint announcement, the Company has 709,315,013 Shares in issue. Except for the Convertible Bonds, 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, as at the date of this joint announcement.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rule and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this joint announcement, being 4 August 2022. In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code, including but not limited to a person who owns or controls 5% or more of any class of relevant securities of the Company (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code)) of the Company and associates of the Potential Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

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

“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 HK\$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 IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 11 July 2022 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 August 2022.

WARNING

There is no assurance that (1) the application for the Potential Offeror to be a substantial shareholder of the relevant companies which are corporations licensed by the SFC for conducting regulated activities will be granted; and (2) the Potential Offers will materialise. Shareholders and potential investors are reminded to monitor the announcements to be made by the Company or jointly by the Potential Offeror and the Company in respect of the progress of the Potential Offers and are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

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

“Acquired Shares”	30,623,172 Shares (representing approximately 4.32% of the issued share capital of the Company) acquired by the Potential Offeror under the Acquisitions
“Acquisitions”	the acquisitions of the Acquired Shares by the Potential Offeror from Vendor A and Vendor B on 5 July 2022
“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code

“Board”	the board of Directors
“Company”	Styland Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisitions
“Conversion Share(s)”	new Shares to be allotted and issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds issued by the Company on 10 August 2020 due 10 August 2023 in the aggregate outstanding principal amount of HK\$23,000,000 as at the date of this joint announcement carrying the rights to convert into 104,545,454 Conversion Shares
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Yeung”	Ms. Yeung Han Yi Yvonne, the spouse of the Potential Offeror
“Potential CB Offer”	the potential mandatory conditional cash offer to be made by the Potential Offeror to acquire all the outstanding Convertible Bonds pursuant to Rule 13.5 of the Takeovers Code
“Potential Offeror”	Mr. Cheung Chi Shing

“Potential Offers”	the Potential Share Offer and the Potential CB Offer
“Potential Share Offer”	the potential mandatory conditional cash offer to be made by the Potential Offeror for the Potential Offer Shares in accordance with the Takeovers Code
“Potential Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Potential Offeror or parties acting in concert with him
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Vendor A”	Mr. So Chee Keung, a Hong Kong citizen
“Vendor B”	Pure Strong Limited, a limited company incorporated in the British Virgin Islands and the ultimate beneficial owner is Ms. Wu Ngai Tung, a Hong Kong citizen
“Vendors”	Vendor A and Vendor B
“%”	per cent

Mr. Cheung Chi Shing

By order of the Board
Styland Holdings Limited
Li Hancheng
Non-executive Chairman

Hong Kong, 4 August 2022

* *For identification purpose only*

As at the date of this joint announcement, the executive Directors are Mr. Cheung Hoo Win and Mr. Ng Yiu Chuen, and the independent non-executive Directors are Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Potential Offeror and parties acting in concert with him) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Potential 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 Potential Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those 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 English text of this joint announcement shall prevail over its Chinese text.