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## **STYLAND HOLDINGS LIMITED**

**大凌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 211)**

**(Warrant Code: 1435)**

### **PLACING OF UP TO HK\$23,000,000 CONVERTIBLE BONDS**

#### **Placing Agent**



On 16 July 2020 (after trading hours), the Company entered into the conditional Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to act as placing agent of the Company, on a best effort basis, for the purpose of arranging Places for the Convertible Bonds subject to the terms and conditions provided in the Placing Agreement.

The initial Conversion Price represents (i) the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 16 July 2020, being the date of the Placing Agreement; and (ii) a premium of approximately 3.8% over the average of the closing prices of HK\$0.0212 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 15 July 2020. The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Placing Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the assumption that all the Convertible Bonds would be converted into Conversion Shares in full at the initial Conversion Price, the 1,045,454,545 Conversion Shares represent approximately 16% of the existing issued ordinary share capital of the Company and approximately 14% of the issued ordinary share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares. The net proceeds of the Placing of approximately HK\$22,770,000 will be applied towards the general working capital of the Group.

## **PLACING AGREEMENT**

On 16 July 2020 (after trading hours), the Company entered into the conditional Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to act as placing agent of the Company, on a best effort basis, for the purpose of arranging Places for the Convertible Bonds subject to the terms and conditions provided in the Placing Agreement.

**Date:** 16 July 2020 (after trading hours)

**Parties:**

- (i) The Company as issuer
- (ii) The Placing Agent as placing agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **The Placing**

Pursuant to the Placing Agreement, the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, the Places (who will be independent individual, corporate and/or institutional investors) to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$23,000,000 at the issue price of 100% of the principal amount of the Convertible Bonds. It is expected that there will be not less than six Places and the Places and, if applicable, their ultimate beneficial owners are Independent Third Parties. In the event that there would be less than six Places, further announcement will be made by the Company in accordance with the Listing Rules.

### **Principal Terms of the Convertible Bonds**

Issuer	:	the Company
Principal amount	:	principal amount of up to HK\$23,000,000
Interest	:	6% per annum on the outstanding principal amount of the Convertible Bonds, which shall accrue daily on a 365-day basis and will be payable every six months in arrears or the date of early redemption, whichever is earlier

Term	:	the third anniversary (the “ <b>Maturity Date</b> ”) of the date of first issue of the Convertible Bonds
Conversion Price (the “ <b>Conversion Price</b> ”)	:	the initial Conversion Price of HK\$0.022 per Conversion Share, subject to adjustments in the event set out and in accordance with the terms and conditions of the Convertible Bonds
Conversion Price Adjustment	:	the Conversion Price shall from time to time be adjusted upon the consolidation or sub-division of Shares but not on other dilution events
Conversion Period	:	the period commencing from the thirty months of the date of first issue of the Convertible Bonds (the “ <b>First Issue Date</b> ”) up to 4:00 p.m. (Hong Kong time) on the Maturity Date or with the prior written consent of the Company (which may or may not be given at the sole discretion of the Company) from the First Issue Date up to 4:00 p.m. (Hong Kong time) on the Maturity Date (the “ <b>Conversion Period</b> ”)
Conversion rights	:	<p>the holder of the Convertible Bonds will have the right to convert the principal amount of the Convertible Bonds into Conversion Shares at any time during the Conversion Period subject to the consent of the Company</p> <p>the number of Conversion Shares to be issued by the Company to the relevant holders of the Convertible Bonds on conversion of the Convertible Bonds will be determined by dividing (i) the principal amount of the Convertible Bonds to be converted by (ii) the Conversion Price in effect at the conversion date.</p>
Conversion restrictions	:	the holder of the Convertible Bonds may exercise the rights attached to the Convertible Bonds to convert into Conversion Shares only if such conversion will not (i) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds and parties acting in concert with it and/or (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company at any one time in compliance with the Listing Rules
Ranking	:	the Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue

- Transferability : the Convertible Bonds shall be freely transferable by the holders thereof in whole or in part (in multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof)) of the outstanding principal amount of the Convertible Bonds to any party with the prior written notification to the Company provided that any transfer of the Bonds to the connected persons of the Company shall be subject to compliance with the applicable Listing Rules
- Voting : the holder of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Bonds
- Listing : no application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange; and application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares
- Early Redemption : the Company may with prior mutual consent of the relevant holder(s) of the Convertible Bonds early redeem the Convertible Bonds

Based on the initial Conversion Price of HK\$0.022 per Conversion Share, a maximum number of 1,045,454,545 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 16% of the issued ordinary share capital of the Company as at the date of this announcement; and (ii) approximately 14% of the issued ordinary share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

### **Conversion Price**

The initial Conversion Price of HK\$0.022 per Conversion Share represents:

- (i) the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 16 July 2020, being the date of the Placing Agreement; and
- (ii) a premium of approximately 3.8% over the average of the closing prices of HK\$0.0212 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 15 July 2020.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.0218 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Placing Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the General Mandate. Immediately before the date of the Placing Agreement, the General Mandate has not been utilized. On the initial Conversion Price of HK\$0.022 per Conversion Share, 1,045,454,545 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bonds, which will utilise about 98% of the General Mandate.

### **Conditions of the Placing Agreement**

The Placing is conditional upon:

- (a) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Conversion Shares; and
- (b) the compliance of any other requirements under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the Securities and Futures Commission which requires compliance in relation to the Placing and the Issue.

In the event that the conditions of the Placing are not fulfilled on or before 31 July 2020 or such other date as may be agreed between the parties to the Placing Agreement, the Placing Agreement shall cease and determine and neither the Company nor the Placing Agent shall have any obligations and liabilities under the Placing Agreement save for antecedent breaches.

### **Termination of the Placing Agreement**

If at any time on or prior to 5:00 p.m. (Hong Kong time) on the third Business Day after the conditions of the Placing having been fulfilled or waived, where applicable (or such later date as the Company and the Placing Agent may agree in writing) (the “**Closing Date**”):

- (a) in the reasonable opinion of the Placing Agent, the Placing would be materially and adversely affected by:
  - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
  - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic currency, market or

other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, affecting local securities markets; or

- (iii) any material adverse change in the business or in the financial or trading position or prospect of the Company or the Group as a whole; or
  - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
  - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
  - (vi) the commencement of any third party of any litigation against any member of the Group which is or might be material to the Company or the Group taken as a whole; or
- (b) any adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this Clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or
  - (c) the announcement or the circular relating to the Placing when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Placing Agent is material to the Group as a whole and is likely to affect materially and adversely the success of the Placing; or
  - (d) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement.

then and in any such case, the Placing Agent may terminate one or both of the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 5:00 p.m. (Hong Kong time) on the Closing Date.

## **Completion of the Placing**

Completion of the Placing shall take place within third Business Days after the conditions have been fulfilled (or, as the case may be, waived by the Placing Agent) (or such later date as the Placing Agent and the Company may agree in writing).

## **Placing Commission**

In consideration of the services of the Placing Agent in connection with the Placing, the Company shall pay the Placing Agent a placing commission of 1% of the total principal amount of the Convertible Bonds to be successfully placed by the Placing Agent under the Placing Agreement.

The Company shall reimburse the reasonable out-of-pocket expenses incurred by the Placing Agent in respect of the Placing.

The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate.

The Directors consider that the placing commission is fair and reasonable based on the current market conditions.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

## **REASONS FOR THE PLACING**

The Company is an investment holding company. The principal activities of the Group consist of investment holdings, financial services, mortgage financing, property development and investment and securities trading

The Directors consider raise funds by issuing Convertible Bonds is justifiable considering the recent market conditions and consider that the Placing represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

It is intended the net proceeds of the Placing of approximately HK\$22,770,000 will be applied towards the general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.



## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save for the bonus warrant issues as disclosed in the circulars of the Company dated 31 August 2018 (the “**Bonus Warrants-2018**”) and 16 August 2019 (the “**Bonus Warrants-2019**”) respectively, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

In the past twelve months immediately preceding the date of this announcement, the total subscription money approximately HK\$10,195,000 was received upon exercise of the subscription rights attaching to the Bonus Warrants-2018 and Bonus Warrants-2019. As at the date of this announcement, approximately HK\$9,098,000 had been used as general working capital of the Group. The Group intends to utilize the remaining balance towards the general working capital of the Group.

## GENERAL

The Conversion Shares will be issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

**Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfillment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Styland Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$0.022 per Conversion Share (subject to adjustments)
“Conversion Shares”	the Shares to be allotted and issued upon conversion of the Convertible Bonds
“Convertible Bonds”	the three-year 6% coupon unlisted convertible bonds in principal amount of up to HK\$23,000,000 to be issued by the Company in accordance with the terms of the Placing Agreement



“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe any of the Convertible Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Bonds by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Kingkey Securities Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Placing Agreement”	the conditional placing agreement dated 16 July 2020 between the Company and the Placing Agent in relation to the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

“%”

per cent.

By the order of the Board of  
**Styland Holdings Limited**  
**Li Hancheng**  
*Chairman*

Hong Kong, 16 July 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Cheung Hoo Win, Mr. Ng Yiu Chuen and Ms. Mak Kit Ping and the independent non-executive directors of the Company are Mr. Li Hancheng, Mr. Yeung Shun Kee and Mr. Lo Tsz Fung Philip.*