



# STYLAND HOLDINGS LIMITED

## 大凌集團有限公司\*

(Incorporated in the Bermuda with limited liability)

### PLACEMENT OF 100,000,000 NEW SHARES

The Directors announce that the Company has entered into the Subscription Agreement with the Placing Agent to place 100,000,000 Shares on best effort basis to more than six independent investors at the price of HK\$0.072 per Subscription Share. The Subscription Shares amount to approximately 6.52% of the existing issued share capital of the Company of 1,533,398,618 Shares and about 6.12% of the share capital of 1,633,398,618 Shares as enlarged by the Subscription.

The net proceeds from the Subscription of about HK\$6.8 million will be applied to reduce the outstanding borrowings of the Group. The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. 20th August, 2002. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22nd August, 2002.

#### AGREEMENT FOR SUBSCRIPTION OF 100,000,000 NEW SHARES DATED 19TH AUGUST, 2002

- 1. Parties**
- Issuer: the Company
- Placing Agent: Shenyin Wanguo Capital (H.K.) Limited, its directors, substantial shareholders and ultimate beneficial owners are independent of, not connected with the directors, chief executive and substantial shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules)
- Placees: more than six professional and/or retail investors, each being independent of, not connected with the directors, chief executive and substantial shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules)
- Commission: The Placing Agent will receive 2.5% commission on the proceeds of the Subscription

**2. Subscription Price**

HK\$0.072 per Subscription Share. It represents a discount of about 14.29% to the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 19th August, 2002, being the last trading day before the publication of this announcement, and represents a discount of about 6.01% to the average of the closing price of the Shares of HK\$0.0766 per Share quoted on the Stock Exchange for the ten trading days up to and including 19th August, 2002. The Subscription Price was arrived at after arm's length negotiation between the Company and the Placing Agent. In view of the current sluggish market condition, the Directors consider that the Subscription Price is fair and reasonable to attract investment funds to the Company.

**3. Number of Shares to be subscribed**

100,000,000 Shares to be placed by the Placing Agent on best effort basis, amount to approximately 6.52% of the existing issued share capital of the Company of 1,533,398,618 Shares and about 6.12% of the share capital of 1,633,398,618 Shares as enlarged by the Subscription. The Directors are not aware of the emergence of any new substantial shareholders resulting from the Subscription.

	Shareholding before the Subscription	Shareholding after the Subscription
Principal Shareholders	18.40%	17.28%
Public	81.60%	82.72%
	<u>100.00%</u>	<u>100.00%</u>

**4. Mandate to issue new Shares**

The Subscription Shares will be issued under the general mandate granted to the Directors at the special general meeting of the Company held on 5th November, 2001.

**5. Ranking of new shares**

The Subscription Shares will rank equally with the existing Shares of the Company in issue.

**6. Use of proceeds**

The net proceeds from the Subscription of approximately HK\$6.8 million after deducting professional fees and all related expenses will be applied to reduce outstanding borrowings of the Group which amounted to approximately HK\$160.4 million as at 31st May, 2002.

**7. Condition of the Subscription**

The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares.

**8. Completion**

Completion will take place within two business days upon the fulfillment of the condition of the Subscription which is expected to be on or before 4th September, 2002.

The Directors undertake to the Stock Exchange that there will be a minimum of 25% of the total issued share capital of the Company in public hands in accordance with Rule 8.08 of the Listing Rules after the Completion.

**9. Application for listing**

Application will be made by the Company to the Stock Exchange to grant the listing of and permission to deal in the new Shares, subject of the Subscription.

**10. Reason for the Subscription**

The Company is an investment holding company and its subsidiaries are principally engaged in investment holding, securities dealing and broking, financing, general import and export trading and property development and investment. Reference is also made to the announcement of the Company dated 17th June, 2002 and the circular of the Company dated 5th July, 2002 in relation to a proposed rights issue of 1,122,298,962 new Shares to raise about HK\$103 million (the "Proposed Rights Issue"), and the announcement of the Company dated 25th July, 2002 for a subscription of 283,601,382 new Shares at the subscription price of HK\$0.03 per Share ("Previous Placing").

The Proposed Rights Issue and the Previous Placing were subsequently terminated for reasons as stated in the announcement of the Company dated 6th August, 2002. Should the Proposed Rights Issue and the Previous Placing be proceeded, the net proceeds of the Proposed Rights Issue were intended to be used as to approximately HK\$63 million to finance the Group's future investments in Hong Kong and the PRC, as to approximately HK\$13.8 million to reduce bank borrowings and the remaining HK\$26.2 million to be retained as general working capital of the Group. Whereas the net proceeds of the Previous Placing of about HK\$8.3 million was intended to be used to reduce outstanding borrowings of the Group.

As at the close of business of 31st May, 2002, the Group has approximately HK\$85 million cash and outstanding borrowings of approximately HK\$160.4 million, comprising secured bank loan of approximately HK\$151.5 million, other secured loans of approximately HK\$7.8 million and obligations under hire purchase contracts of approximately HK\$1.1 million. The Directors intend to apply the proceeds from the Subscription to pay off part of the secured bank loan which bears interest at 5.875% per annum. The HK\$85 million cash comprises of time deposits at bank with interest at the range of 0.625% to 1.625% per annum and cash in current accounts.

As far as it is known to the Company, it has not received any demand for immediate repayment of its outstanding borrowings. The Directors are not aware of any of its assets pledged under the secured loans are under any pressure of disposal due to default in repayment. However, it has always been the primary concern of the Directors to reduce the debt level of the Group, if possible, by sources other than internal source of fund which has been earmarked for its operations and business development. The Directors believe it is in the interest of the shareholders of the Company to cancel the Proposed Rights Issue and the Previous Placing and the Directors have kept an eye for other possible fund raising opportunity since then. As the Subscription Price of the Subscription Shares of HK\$0.072 per share is higher than the previous placing price per share of HK\$0.03 and subscription price per share of the Proposed Rights Issue of HK\$0.054 (taking into account of the bonus issue), the Directors believe that the Subscription is to the interest of the Company.

Moreover, the Directors consider that the Subscription provides immediate cash inflow to strengthen the financial position of the Group by improving its gearing ratio from 16.19% (calculated by about HK\$160.4 million of borrowings as at 31st May, 2002 divided by consolidated total assets of approximately HK\$990.5 million as shown in the Company's latest published audited accounts as at 31st March, 2002) to 16.08% (calculated by about HK\$160.4 million of borrowings as at 31st May, 2002 divided by pro forma consolidated total assets of approximately HK\$997.3 million after the completion of the Subscription) as well as broadens its shareholders' base. The Directors have considered other means of fund raising and consider that an equity issue is in the interest of the Company and its shareholders as it will not dampen the finance cost of the Group and at the same time it increases the finance resources of the Group to facilitate the future business development of the Group.

**SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. 20th August, 2002. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22nd August, 2002.

**TERMS USED IN THIS ANNOUNCEMENT**

"Company"	Styland Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Subscription
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Principal Shareholders"	Mr. Kenneth Chi Shing Cheung and his associates, K.Y. Limited, K.C. (Investment) Limited and Ms. Yvonne Han Yi Yeung who together beneficially own 282,170,167 Shares, representing approximately 18.4% of the existing issued share capital of the Company.
"Placing Agent"	Shenyin Wanguo Capital (H.K.) Limited
"Shares"	shares in the Company of HK\$0.01 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of 100,000,000 new Shares
"Subscription Agreement"	the conditional subscription agreement dated 19th August, 2002 entered into between the Placing Agent and the Company for the subscription of 100,000,000 new Shares
"Subscription Price"	HK\$0.072 for each Subscription Share
"Subscription Shares"	the aggregate of 100,000,000 new Shares to be subscribed by the placees under the Subscription Agreement

By Order of the Board  
**Styland Holdings Limited**  
**Steven Wang Tai Li**  
 Chairman