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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Styland Holdings Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their 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 Composite Document and the accompanying Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

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**KENVONIA FAMILY LIMITED**  
(Incorporated in Hong Kong with limited liability)

**STYLAND HOLDINGS LIMITED**  
大凌集團有限公司\*  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 211)

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY CONDITIONAL CASH OFFERS BY  
EVER-LONG SECURITIES COMPANY LIMITED  
ON BEHALF OF KENVONIA FAMILY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
KENVONIA FAMILY LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND  
ALL THE OUTSTANDING CONVERTIBLE BONDS OF  
STYLAND HOLDINGS LIMITED**

Financial Adviser to the Offeror



Offer Agent to the Offeror



Independent Financial Adviser to the Independent Board Committee

**MESSIS 大有融資**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document unless the content requires otherwise.

A letter from Ever-long Securities containing, among other things, the details of the terms and conditions of the Offers, is set out on pages 7 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders and the CB Holders is set out on pages 28 to 31 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offers is set out on pages 32 to 55 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out on pages 56 to 68 in Appendix I "Further Terms and Procedures of Acceptance of the Offers" to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offers must be received by the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in respect of the Share Offer) or the Company (in respect of the CB Offer) by no later than 4:00 p.m. on Friday, 10 February 2023, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the requirements under the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Important Notice" contained in this Composite Document, the paragraph headed "2.9 Overseas Shareholders and Overseas CB Holders" in the "Letter from Ever-long Securities" and the paragraph headed "8. Overseas Shareholders and Overseas CB Holders" in Appendix I "Further Terms and Procedures of Acceptance of the Offers" to this Composite Document before taking any action.

It is the responsibility of each Overseas Shareholder and Overseas CB Holder who wishes to accept the Offers to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdictions, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder(s) and Overseas CB Holder(s) in respect of such jurisdiction. Overseas Shareholders and Overseas CB Holders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at <https://www.hkexnews.hk> and the Company's investor website at <http://www.irasia.com/listco/hk/styland/> as long as the Offers remain open.

\* For identification purpose only

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## EXPECTED TIMETABLE

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### Expected Timetable

All references to dates and times contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong dates and times.

*The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.*

Despatch date of this Composite Document and the Form(s) of Acceptance and the commencement date of the Offers ( <i>Note 1</i> )	Friday, 20 January 2023
Latest time and date for acceptance of the Offers on the first Closing Date ( <i>Notes 2 and 5</i> )	4:00 p.m. on Friday, 10 February 2023
First Closing Date of the Offers ( <i>Note 1</i> )	Friday, 10 February 2023
Announcement of the results of the Offers as at the first Closing Date, or as to whether the Offers have been extended or become unconditional as at the first Closing Date, on the website of the Stock Exchange and the Company's investor website ( <i>Note 2</i> )	at or before 7:00 p.m. on Friday, 10 February 2023
Latest date for posting of remittance in respect of valid acceptances received under the Offers by the first Closing Date (assuming the Offers become or are declared unconditional on such date) ( <i>Notes 4 and 5</i> )	Tuesday, 21 February 2023
Latest time and date for the Offers to remain open for acceptance (assuming the Offers become or are declared unconditional on the first Closing Date) ( <i>Note 3</i> )	4:00 p.m. on Friday, 24 February 2023
Final Closing Date (assuming the Offers become or are declared unconditional on the first Closing Date)	Friday, 24 February 2023
Announcement of the results of the Share Offer as at the final Closing Date, to be posted on the respective website of the Stock Exchange and the Company's investor website	at or before 7:00 p.m. on Friday, 24 February 2023
Latest date for posting of remittance in respect of valid acceptances received under the Offers on or before 4:00 p.m. on Friday, 24 February 2023, being the latest date on which the Offers remain open for acceptances assuming the Offers become or are declared unconditional in all respects on the first Closing Date	Tuesday, 7 March 2023
Latest time and date which the Offers can become or be declared unconditional as to acceptances ( <i>Note 6</i> )	at or before 7:00 p.m. on Tuesday, 21 March 2023

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## EXPECTED TIMETABLE

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*Notes:*

1. The Offers, which are conditional, are made on Friday, 20 January 2023, namely the date of posting of this Composite Document and the Form(s) of Acceptance, and are capable of acceptance on and from that date until the first Closing Date, unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The Offers will be closed on the first Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the first Closing Date stating the results of the Offers and whether the Offers have been extended, revised or expired or have become or are declared unconditional. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next Closing Date of the Offers or, if the Offers have become or been declared unconditional, that the Offers will remain open until further notice. At least fourteen (14) days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and CB Holders who have not accepted the Offers.
3. In accordance with the Takeovers Code, where the Offers become or is declared unconditional in all respects, the Offers should remain open for acceptance for not less than fourteen (14) days thereafter. In such case, at least fourteen (14) days' notice in writing must be given before the Offers are closed to the Independent Shareholders and CB Holders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive.
4. Assuming the Offers become or are declared unconditional on the first Closing Date, remittances in respect of the cash consideration payable for the Offer Shares tendered under the Share Offer and the Convertible Bonds under the CB Offer respectively will be despatched to the respective accepting holders of the Offer Shares and the Convertible Bonds by ordinary post at their own risks as soon as possible but in any event within seven (7) Business Days from the later of the date on which the Offers become or is declared unconditional and the date of receipt of a duly completed acceptance in accordance with the Takeovers Code. Pursuant to Rule 17 of the Takeovers Code, an acceptor shall be entitled to withdraw it/his/her acceptance after twenty-one (21) days from the first Closing Date if the Offers have not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offers become or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.
5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or post-super typhoon extreme conditions: (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or is declared unconditional as to acceptance, the Offers will lapse after 7:00 p.m. on Tuesday, 21 March 2023, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and the CB Holders by way of announcement(s) of any change in the expected timetable as soon as possible.

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## **IMPORTANT NOTICE**

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### **NOTICE TO THE OVERSEAS SHAREHOLDERS AND OVERSEAS CB HOLDERS**

The making of the Offers to Overseas Shareholders and Overseas CB Holders may be prohibited or affected by the applicable laws and regulations of the relevant jurisdictions. Overseas Shareholders and Overseas CB Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder and Overseas CB Holder who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required, or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder(s) and Overseas CB Holder(s) in respect of such jurisdiction.

The Offeror, parties acting in concert with the Offeror, the Company, the Independent Financial Adviser, Ever-Long Securities, Donvex Capital Limited, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas CB Holders for any taxes as such persons may be required to pay.

Please see the paragraph headed “2.9 Overseas Shareholders and Overseas CB Holders” in the “Letter from Ever-long Securities” and the paragraph headed “8. Overseas Shareholders and Overseas CB Holders” in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document for further details.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation and do not intend to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

The Company will notify the Independent Shareholders and the CB Holders of any material change to information contained or referred to in this Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:*

“Acquired Shares”	30,623,172 Shares (representing approximately 4.32% of the issued share capital of the Company) acquired by Mr. Cheung under the Acquisitions
“Acquisitions”	the acquisitions of the Acquired Shares by Mr. Cheung 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
“Application A”	an application submitted by Mr. Cheung to the SFC on 23 July 2022 to seek approval pursuant to section 132 of the SFO for him to be a substantial shareholder of the Licensed Corporations, which was returned by the SFC
“Application B”	an application submitted by the Family Members and the Offeror to the SFC on 30 September 2022 to seek approval pursuant to section 132 of the SFO for them to be the substantial shareholders of the Licensed Corporations
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code
“ <b>BLUE</b> Form of Convertible Bonds Offer Acceptance”	the <b>BLUE</b> form of acceptance and transfer of the Convertible Bonds in respect of the CB Offer
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CB Holder(s)”	holder(s) of the Convertible Bonds
“CB Offer”	the conditional mandatory cash offer made by Ever-Long Securities on behalf of the Offeror to acquire all the outstanding Convertible Bonds pursuant to Rule 13.5 of the Takeovers Code
“CB Offer Price”	the price at which for each HK\$1 face value of the Convertible Bonds will be made, being HK\$0.4 for each HK\$1 face value of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“Closing Date”	10 February 2023, the first closing date of the Offers, which is 21 days following the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with the consent of the Executive, or if the Offers are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“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 (stock code: 211)
“Completion”	completion of the Acquisitions
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders and the CB Holders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules and the term “connected” shall be construed accordingly
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“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 Latest Practicable Date carrying the rights to convert into 104,545,454 Conversion Shares
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest or other third party right, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback or trust arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same

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## DEFINITIONS

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“Equity Transfer”	the transfer of the entire shareholding interest from the Equity Transferors to the Offeror at an aggregate consideration of HK\$4 pursuant to the bought and sold notes dated 15 December 2022 entered among them and which was completed on 15 December 2022
“Equity Transfer Shares”	187,036,982 Shares (representing approximately 26.37% of the issued share capital of the Company) in aggregate transferred from the Equity Transferors to the Offeror under the Equity Transfer
“Equity Transferors”	collectively, Mr. Cheung, Ms. Yeung and K.Y. Limited
“Ever-Long Securities”	Ever-Long Securities Company Limited, a company licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Ever-Long Securities is a wholly-owned subsidiary of the Company, and the Offeror is the substantial shareholder of the Company as at the Latest Practicable Date. The service provided by Ever-Long Securities as the offer agent to the Offeror is under its normal course of business and the fee charged by Ever-Long Securities is a connected transaction but is exempt from the reporting, announcement and independent shareholders’ approval requirements as it is a de minimis transaction in accordance with 14A.76 of the Listing Rules
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Family Members”	Mr. Cheung Hoo Win, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin, all of whom are the shareholders and directors of the Offeror and the children of Mr. Cheung and Ms. Yeung
“Forms of Acceptance”	the <b>WHITE</b> Form of Share Offer Acceptance and the <b>BLUE</b> Form of Convertible Bonds Offer Acceptance (as the context may require) in respect of the Offers accompanying this Composite Document
“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



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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders and CB Holders in respect of the Offers
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it (including Mr. Cheung Hoo Yin)
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 16 December 2022 in relation to, among other things, the Offers
“Last Trading Day”	15 December 2022, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	17 January 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Licensed Corporations”	including Ever-Long Futures Limited, Ever-Long Research Limited, Ever-Long Securities, and Ever-Long Capital Management Limited, all of which are the subsidiaries of the Company and are the corporations licensed by the SFC for conducting regulated activities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monthly Update Announcements”	the monthly update announcements dated 16 September 2022, 17 October 2022, and 17 November 2022 jointly issued by the Company and Mr. Cheung pursuant to Rule 3.7 of the Takeovers Code

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## DEFINITIONS

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“Mr. Cheung”	Mr. Cheung Chi Shing, who together with the parties acting in concert with him were interested in 225,853,363 Shares, representing approximately 31.84% of the issued share capital of the Company immediately after the Completion and prior to completion of the Equity Transfer
“Ms. Yeung”	Ms. Yeung Han Yi Yvonne, the spouse of Mr. Cheung
“Offers”	the Share Offer and the CB Offer
“Offer Period”	the period commencing on 4 August 2022, being the date of the Rule 3.7 Joint Announcement and ending on the date when the Offers lapse or close
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror or parties acting in concert with it
“Offeror”	Kenvonia Family Limited, a company incorporated under the laws of Hong Kong with limited liability on 29 September 2022, which is owned as to approximately 33.33% by Mr. Cheung Hoo Win, approximately 33.33% by Ms. Cheung Lok Chi and approximately 33.33% by Mr. Cheung Hoo Yin
“Overseas CB Holders”	CB Holders whose address(es), as shown on the register of CB Holders of the Company is/are outside Hong Kong
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Proposal”	a proposal submitted by Mr. Cheung to the SFC on 14 September 2022, pursuant to which Mr. Cheung proposes to, among other things, transfer his entire shareholding in the Company to the Family Members, and the Family Members may (i) seek approval pursuant to section 132 of the SFO to be substantial shareholders of the relevant companies of the Group which are corporations licensed by the SFC for conducting regulated activities; and (ii) make the Offers accordingly
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding the date of the commencement of the Offer Period (i.e. 4 February 2022), up to and including the Latest Practicable Date

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## DEFINITIONS

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“Rule 3.7 Joint Announcement”	the joint announcement of the Company and Mr. Cheung dated 4 August 2022 in relation to, among others, the Acquisitions
“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)
“Share Offer”	the mandatory conditional cash offer made by Ever-Long Securities for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
“Share Offer Price”	the price at which for each of the Offer Shares will be made, being HK\$0.088 per Offer Share
“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 and an Independent Third Party
“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, who is an Independent Third Party
“Vendors”	collectively, Vendor A and Vendor B
“ <b>WHITE</b> Form of Share Offer Acceptance”	the <b>WHITE</b> form of acceptance and transfer of Shares in respect of the Share Offer
“%”	per cent

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## LETTER FROM EVER-LONG SECURITIES

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香港上環干諾道中111號永安中心11樓1101-02及1111-12室  
Rooms 1101-02 & 1111-12, 11/Floor, Wing On Centre,  
111 Connaught Road Central, Sheung Wan, Hong Kong  
☎ (852) 2815 3522 ☎ (852) 2581 0638  
✉ settlement@everlong.com.hk  
🌐 <http://www.everlong.com>

20 January 2023

*To the Independent Shareholders and CB Holders,*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFERS BY  
EVER-LONG SECURITIES COMPANY LIMITED  
ON BEHALF OF KENVONIA FAMILY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY KENVONIA FAMILY LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND  
ALL THE OUTSTANDING CONVERTIBLE BONDS OF  
STYLAND HOLDINGS LIMITED**

### 1. INTRODUCTION

Reference is made to the Rule 3.7 Joint Announcement, the Monthly Update Announcements and the Joint Announcement.

On 5 July 2022, Mr. Cheung, the then single largest shareholder of the Company as at the date of the Rule 3.7 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 the Rule 3.7 Joint Announcement) at a consideration of HK\$0.088 per Share from the Vendors. The Acquisitions were completed on 5 July 2022.

Immediately after Completion, the shareholding in the Company held by Mr. Cheung and parties acting in concert with him increased from approximately 27.52% to approximately 31.84%. Accordingly, Mr. Cheung was 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 Mr. Cheung 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.

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## LETTER FROM EVER-LONG SECURITIES

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It was disclosed in the Rule 3.7 Joint Announcement that, on 23 July 2022, Mr. Cheung via the Group submitted the Application A to the SFC to seek approval pursuant to section 132 of the SFO for him to be a substantial shareholder of the Licensed Corporations. As disclosed in the Monthly Update Announcements, the Application A was then returned by the SFC to Mr. Cheung. In view of complying with the relevant requirements under the Takeovers Code and the SFO, Mr. Cheung had further submitted the Proposal to the SFC, pursuant to which Mr. Cheung proposes to, among other things, transfer his entire shareholding in the Company to the Family Members, and the Family Members may (i) seek approval pursuant to section 132 of the SFO to be the substantial shareholders of the Licensed Corporations; and (ii) make the Offers accordingly.

In accordance with the Proposal, (i) on 15 December 2022, Mr. Cheung, Ms. Yeung, K.Y. Limited (a company beneficially owned by Mr. Cheung and Ms. Yeung) and the Offeror have entered into the bought and sold notes for the Equity Transfer, pursuant to which Mr. Cheung, Ms. Yeung and K.Y. Limited have transferred their entire shareholding interest of the Company to the Offeror, which was incorporated by the Family Members, at an aggregate consideration of HK\$4; and (ii) on 1 November 2022, the Application B, which has been submitted by the Family Members and the Offeror to the SFC to seek approval pursuant to section 132 of the SFO for the Family Members and the Offeror to be substantial shareholders of the Licensed Corporations, was accepted by the SFC. On 8 December 2022, the Application B has been approved. As such, immediately after the completion of the Equity Transfer and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

In view of the above background and upon completion of the Equity Transfer on 15 December 2022, the Offeror will make mandatory conditional cash offers for (i) all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it) 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.

This letter forms part of this Composite Document and sets out, among other things, details of the Offers, information on the Offeror, and the Offeror's intentions in relation to the Group. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I "Further Terms and Procedures of Acceptance of the Offers" to this Composite Document and the accompanying Forms of Acceptance. The Independent Shareholders and CB Holders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Forms of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offers.

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## LETTER FROM EVER-LONG SECURITIES

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### 2. MANDATORY CONDITIONAL CASH OFFERS

#### 2.1 Principal terms of the Offers

Ever-Long Securities, on behalf of the Offeror, is making the Offers (i) to acquire all the Offer Shares; and (ii) to acquire all the outstanding Convertible Bonds, on the terms set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

##### **The Share Offer**

**For each Offer Share . . . . . HK\$0.088 in cash**

The Share Offer Price of HK\$0.088 per Offer Share represents (i) the price for each Share paid in respect of the Acquisitions; and (ii) the highest price paid by the Offeror or parties acting in concert with it for the acquisition of the Shares within six months prior to the commencement of the Offer Period (i.e. 4 February 2022) and up to and including the Latest Practicable Date.

The Offeror has paid Mr. Cheung, Ms. Yeung and K.Y. Limited the consideration for the transfer of their entire shareholding interest in the Company by its own internal resources. Mr. Cheung has paid the consideration for the Acquired Shares by his own internal resources.

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, that is, the date of despatch of this Composite Document.

The Company confirms that, as at the Latest Practicable Date, (i) it has no outstanding dividend or other distribution which has been declared but not yet paid; and (ii) it does not have any intention to declare any dividend or other distributions during the Offer Period.

##### **The CB Offer**

**For each HK\$1 face value of the Convertible Bonds . . . . . HK\$0.4 in cash**

The CB Offer Price for the Convertible Bonds is determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Conversion Shares into which the Convertible Bonds are convertible multiplied by the Share Offer Price.

The Convertible Bonds will be acquired fully-paid and free from all Encumbrances and together with all rights now or hereafter attaching or accruing to them. The CB Offer will apply to the outstanding Convertible Bonds in issue on the date on which the CB Offer is made and will not apply to any Convertible Bonds which are or have been converted into Conversion Shares prior to the close of the CB Offer.

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## LETTER FROM EVER-LONG SECURITIES

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### **Condition to the Offers**

The Share Offer is conditional on the number of Shares in respect of valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the date on which the Offers close (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

The CB Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of this Composite Document (i.e. on 21 March 2023) (or such later date to which the Executive may consent).

### **Return of documents**

If the Offers do not become, or are not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the Company (in the case of the CB Offer) will be returned to the Independent Shareholders and CB Holders who have accepted the Offers by ordinary post at the Independent Shareholders' and CB Holders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

### **Comparisons of value**

The Share Offer Price of HK\$0.088 per Offer Share represents:

- (i) a premium of approximately 18.92% over the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (iii) a discount of approximately 6.38% to the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;

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## LETTER FROM EVER-LONG SECURITIES

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- (iv) a discount of approximately 15.38% to the average closing price of approximately HK\$0.104 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (v) a discount of approximately 18.52% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (vi) a premium of approximately 29.41% over the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a premium of approximately 29.41% over the average closing price of approximately HK\$0.068 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 27.54% over the average closing price of approximately HK\$0.069 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 27.54% over the average closing price of approximately HK\$0.069 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (x) a discount of approximately 11.11% to the closing price of HK\$0.099 per Share as quoted on the Stock Exchange on 4 July 2022, being the last trading day immediately prior to the Acquisitions;
- (xi) a discount of approximately 86.98% to the audited consolidated net assets attributable to owners of the Company of approximately HK\$0.676 per Share as at 31 March 2022, which is calculated based on the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$479,826,000 as at 31 March 2022 and 709,315,013 Shares in issue as at the Last Practicable Date; and
- (xii) a discount of approximately 86.29% to the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 September 2022, which is calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK\$455,036,000 as at 30 September 2022 and 709,315,013 Shares in issue as at the Last Practicable Date, while there is no change in the valuation of the properties held by the Group as at 30 September 2022 and 30 November 2022 as shown in the property valuation report dated 20 January 2023 prepared by an independent valuer as set out in Appendix III to the Composite Document. Accordingly, no adjustment is necessary on the unaudited net asset value of the Group as at 30 September 2022.



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## LETTER FROM EVER-LONG SECURITIES

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### 2.2 Highest and lowest closing Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.305 per Share as quoted on the Stock Exchange on 10 February 2022 and the lowest closing price of the Shares was HK\$0.055 per Share as quoted on the Stock Exchange on 3 November 2022.

### 2.3 Value of the Offers

Excluding 225,853,363 Shares held by the Offeror and parties acting in concert with it, the number of Shares subject to the Offers is 483,461,650 Shares. Assuming the Convertible Bonds are converted into 104,545,454 Conversion Shares in full, the Company will have an enlarged issued share capital of 813,860,467 Shares.

Based on the Offer Price of HK\$0.088 per Offer Share for 483,461,650 Offer Shares and assuming no Shares will be issued pursuant to the conversion of the Convertible Bonds, the Share Offer is valued at HK\$42,544,625.

As at the Latest Practicable Date, the outstanding Convertible Bonds of principal amount of HK\$23,000,000 conferring rights to holder(s) to convert into 104,545,454 Conversion Shares. The CB Offer Price is HK\$0.40 for every HK\$1 face value of the Convertible Bonds, valuing the Convertible Bonds at approximately HK\$9,200,000. Assuming no Convertible Bond is converted into Shares, the aggregate value of the Share Offer and the CB Offer is approximately HK\$51,744,625.

Assuming all Convertible Bonds are converted into Shares, based on the Offer Price of HK\$0.088 per Offer Share for 588,007,104 Offer Shares, the value of the Share Offer is approximately HK\$51,744,625 and no amount shall be payable by the Offeror under the CB Offer.

Save for the Shares and the Convertible Bonds, the Company has no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. The Offeror has not received any indication or irrevocable commitment from any Independent Shareholder or CB Holder that he/she/it will accept or reject the Offers as at the Latest Practicable Date.

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## LETTER FROM EVER-LONG SECURITIES

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### 2.4 Confirmation of sufficient financial resources

The Offeror intends to fund the consideration payable under the Offers in full by its own internal resources, which are in turn financed by the Family Members with a combination of their own resources and general banking facility.

Donvex Capital Limited, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offers.

### 2.5 Effect of accepting the Offers

By accepting the Share Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges and Encumbrance and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

As disclosed above, the Company confirms that, as at the Latest Practicable Date, (i) it has no outstanding dividend or other distribution which has been declared but not yet paid; and (ii) it does not have any intention to declare any dividend or other distributions during the Offer Period.

Acceptance of the CB Offer by any CB Holder will be deemed to constitute a warranty by the relevant CB Holder that all Convertible Bonds sold by the relevant CB Holder under the CB Offer are free from all Encumbrances whatsoever.

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

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

**Independent Shareholders and CB Holders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offers which are included in this Composite Document.**

### 2.6 Payment

Subject to the Offers having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven (7) Business Days following the later of (i) the date on which the Offers become, or is declared unconditional; and (ii) the date on which the duly completed acceptances of the Offers and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid pursuant to the Takeovers Code.

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## LETTER FROM EVER-LONG SECURITIES

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No fractions of a cent will be payable and the amount of the consideration payable to the Independent Shareholder or the CB Holder who accepts the Share Offer or the CB Offer (as the case may be) will be rounded up to the nearest cent.

### **2.7 Hong Kong stamp duty**

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the CB Offer.

### **2.8 Taxation advice**

Independent Shareholders and the CB Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Ever-Long Securities, Donvex Capital Limited and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **2.9 Overseas Shareholders and Overseas CB Holders**

The Offeror intends to make the Offers available to all Independent Shareholders and the CB Holders, including the Overseas Shareholders and Overseas CB Holders. The making of the Offers to Overseas Shareholders and Overseas CB Holders may be prohibited or affected by the applicable laws and regulations of the relevant jurisdictions. Overseas Shareholders and Overseas CB Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder and Overseas CB Holder who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required, or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder(s) and Overseas CB Holder(s) in respect of such jurisdiction.

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## LETTER FROM EVER-LONG SECURITIES

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

### **2.10 Procedures for acceptance and settlement**

Your attention is drawn to further terms and procedures of acceptance of the Offers as set out in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

## **3. INFORMATION ON THE PARTIES**

### **3.1 Information on the Offeror**

The Offeror is an investment holding company incorporated under the laws of Hong Kong with limited liability on 29 September 2022. As at the Latest Practicable Date, save for the 187,036,982 Shares held by the Offeror as a result of the Equity Transfer, representing approximately 26.37% of the issued Shares of the Company as at the Latest Practicable Date, the Offeror does not hold any other investments.

As at the Latest Practicable Date, the Offeror is owned as to approximately 33.33% by Mr. Cheung Hoo Win, approximately 33.33% by Ms. Cheung Lok Chi and approximately 33.33% by Mr. Cheung Hoo Yin. The directors of the Offeror are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi, and Mr. Cheung Hoo Yin.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

Each of Mr. Cheung Hoo Win, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin is the child of Mr. Cheung and Ms. Yeung.

Mr. Cheung Hoo Win is the chief executive officer of the Company and an executive Director. He is responsible for (i) the entire Group’s business and development; (ii) the Group’s China-related businesses; and (iii) dealing with the Group’s mainland customers which also have their operations in Hong Kong.

Ms. Cheung Lok Chi joined the Group in November 2017 and is a senior executive responsible for business and office administration functions and in charge of the property investment and re-development of the Group.

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## LETTER FROM EVER-LONG SECURITIES

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As at the Latest Practicable Date, Mr. Cheung Hoo Yin is holding 38,816,381 Shares, representing approximately 5.47% of the issued share capital of the Company. Mr. Cheung Hoo Yin joined the Group in April 2019 and is a director of certain subsidiaries of the Group. He is responsible for planning business direction, setting business goals, formulating business strategies, allocating manpower, maximising resources utilisation and performing general administration of the Group's financial services segment.

Immediately after the Completion and prior to completion of the Equity Transfer, Mr. Cheung was holding 142,771,532 Shares, representing approximately 20.13% of the issued share capital of the Company. Mr. Cheung is the founder of the Group and has led the Group for 25 years since its establishment in 1977 until his resignation as the Chairman and Director on 18 June 2002. He has extensive experience in corporate management.

Ms. Yeung is the spouse of Mr. Cheung. Immediately after the Completion and prior to completion of the Equity Transfer, Ms. Yeung was holding 18,299,534 Shares, representing approximately 2.58% of the issued share capital of the Company. Ms. Yeung has served the Group for over 30 years until her retirement as the Director on 5 December 2010. She has extensive experience in business management.

K.Y. Limited is wholly-owned by Kenvonia Holdings Limited which is in turn held equally by Mr. Cheung and Ms. Yeung. Immediately after the Completion and prior to completion of the Equity Transfer, K.Y. Limited was holding 25,965,916 Shares, representing approximately 3.66% of the issued share capital of the Company.

As at the Latest Practicable Date, none of Mr. Cheung, Ms. Yeung, and K.Y. Limited has any interests in any Shares or other securities of the Company.

### **3.2 Information on the Group**

Your attention is drawn to the paragraphs headed "Information on the Group" in the "Letter from the Board", Appendix II "Financial Information of the Group" and Appendix IV "General Information of the Group" to this Composite Document.

### **3.3 Dealing and interest in the Company's securities**

During the Relevant Period, save for the dealings in the Shares by Ever-Long Securities which are conducted in the normal course of business for and on behalf of its non-discretionary clients, and save for the Acquisitions and Equity Transfer, the Offeror and parties acting in concert with it had not dealt for value in or owned or controlled any Shares, options, derivatives, warrants or other securities convertible into Shares

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## LETTER FROM EVER-LONG SECURITIES

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#### 4. FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group nor introduce major changes in the business of the Group nor re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Offeror will, following the close of the Offers, review the operations of the Group from time to time in order to enhance a long-term growth potential for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. The Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; and (ii) downsizing or disposal of the existing business of the Company.

##### **Proposed change of Board composition**

The Board currently comprises two executive Directors, namely Mr. Cheung Hoo Win and Mr. Ng Yiu Chuen, and three independent non-executive Directors, namely Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor. As at the Latest Practicable Date, the Offeror does not intend to nominate any directors to the Board.

##### **Public float and maintaining the listing status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offers, there will be not less than 25% of the Company's total number of issued Shares held by the public, the directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offers to ensure that at least 25% of the total number of issued Shares will be held by the public.

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## LETTER FROM EVER-LONG SECURITIES

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### 5. ACCEPTANCE AND SETTLEMENT OF THE OFFERS

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

### 6. COMPULSORY ACQUISITION

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not being acquired under the Share Offer after the close of the Offers.

### 7. GENERAL INFORMATION

To ensure equality of treatment of all Independent Shareholders and CB Holders, those Independent Shareholders and/or CB Holders who hold Shares and/or Convertible Bonds as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Offer Shares and/or Convertible Bonds, whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

The attention of the Independent Shareholders and CB Holders residing outside Hong Kong is drawn to paragraph “8. Overseas Shareholders and Overseas CB Holders” in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document. This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant registers. None of the Offeror, parties acting in concert with the Offeror, the Company, Ever-Long Securities, Donvex Capital Limited and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and in the Forms of Acceptance.

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## LETTER FROM EVER-LONG SECURITIES

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### 8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. In addition, your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee”, and the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

Yours faithfully,  
For and on behalf of  
**Ever-long Securities Company Limited**  
**Au Chi Ying**  
*Director*



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LETTER FROM THE BOARD

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**STYLAND HOLDINGS LIMITED**

**大凌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 211)**

*Executive Directors:*

Mr. Cheung Hoo Win

Mr. Ng Yiu Chuen

*Independent non-executive Directors:*

Mr. Li Hancheng

Mr. Lo Tsz Fung Philip

Ms. Ling Sui Ngor

*Registered Office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Principal place of business*

*in Hong Kong:*

Room 1111, 11/F

Wing On Centre

111 Connaught Road Central

Sheung Wan

Hong Kong

20 January 2023

*To the Independent Shareholders and the CB Holders*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFERS BY  
EVER-LONG SECURITIES COMPANY LIMITED  
ON BEHALF OF KENVONIA FAMILY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY KENVONIA FAMILY LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND  
ALL THE OUTSTANDING CONVERTIBLE BONDS OF  
STYLAND HOLDINGS LIMITED**

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 1. Introduction

Reference is made to the Rule 3.7 Joint Announcement, the Monthly Update Announcements and the Joint Announcement.

On 5 July 2022, Mr. Cheung, the then single largest shareholder of the Company as at the date of the Rule 3.7 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 the Rule 3.7 Joint Announcement) at a consideration of HK\$0.088 per Share from the Vendors. The Acquisitions were completed on 5 July 2022.

Immediately after Completion, the shareholding in the Company held by Mr. Cheung and parties acting in concert with him increased from approximately 27.52% to approximately 31.84%. Accordingly, Mr. Cheung was 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 Mr. Cheung 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.

It was disclosed in the Rule 3.7 Joint Announcement that, on 23 July 2022, Mr. Cheung via the Group submitted the Application A to the SFC to seek approval pursuant to section 132 of the SFO for him to be a substantial shareholder of the Licensed Corporations. As disclosed in the Monthly Update Announcements, the Application A was then returned by the SFC to Mr. Cheung. In view of complying with the relevant requirements under the Takeovers Code and the SFO, Mr. Cheung had further submitted the Proposal to the SFC, pursuant to which Mr. Cheung proposed to, among other things, transfer his entire shareholding in the Company to the Family Members, and the Family Members may (i) seek approval pursuant to section 132 of the SFO to be the substantial shareholders of the Licensed Corporations; and (ii) make the Offers accordingly.

In accordance with the Proposal, (i) on 15 December 2022, Mr. Cheung, Ms. Yeung, K.Y. Limited (a company beneficially owned by Mr. Cheung and Ms. Yeung) and the Offeror have entered into the bought and sold notes for the Equity Transfer, pursuant to which Mr. Cheung, Ms. Yeung and K.Y. Limited have transferred their entire shareholding interest of the Company to the Offeror, which was incorporated by the Family Members, at an aggregate consideration of HK\$4; and (ii) on 1 November 2022, the Application B, which has been submitted by the Family Members and the Offeror to the SFC to seek approval pursuant to section 132 of the SFO for the Family Members and the Offeror to be substantial shareholders of the Licensed Corporations, was accepted by the SFC. On 8 December 2022, the Application B has been approved. As such, immediately after the completion of the Equity Transfer and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

In view of the above background and upon completion of the Equity Transfer on 15 December 2022, the Offeror will make mandatory conditional cash offers for (i) all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it) 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.

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## LETTER FROM THE BOARD

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Ever-Long Securities is making the Offers for and on behalf of the Offeror to the Independent Shareholders and the CB Holders to acquire all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) and all the outstanding Convertible Bonds in compliance with Rules 26.1 and 13.5 of the Takeovers Code. Details of the Offers are set out in the section headed “Mandatory Conditional Cash Offers” in the “Letter from Ever-long Securities” of this Composite Document.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee comprising Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor (being all of the independent non-executive Directors) has been established by the Company to advise the Independent Shareholders and the CB Holders in relation to the terms and conditions of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offers.

The Independent Financial Adviser has been appointed by the Company pursuant to Rule 2.1 of the Takeovers Code and such appointment has been approved by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

The purpose of this Composite Document is to, among other things, (i) provide you with information relating to the Group and the Offers; (ii) set out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders on the Share Offer and the CB Holders on the CB Offer and as to acceptance; and (iii) set out the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Offers and as to acceptance.

### **2. The Offers**

Ever-Long Securities, on behalf of the Offeror, is making the Offers (i) to acquire all the Offer Shares; and (ii) to acquire all the outstanding Convertible Bonds, in accordance with the Takeovers Code on the following basis:

#### **The Share Offer**

**For each Offer Share . . . . . HK\$0.088 in cash**

The Share Offer Price of HK\$0.088 per Offer Share represents (i) the price for each Share paid in respect of the Acquisitions; and (ii) the highest price paid by the Offeror or parties acting in concert with it for the acquisition of the Shares within six months prior to the commencement of the Offer Period (i.e. 4 February 2022) and up to the Latest Practicable Date.

The Offeror has paid Mr. Cheung, Ms. Yeung and K.Y. Limited the consideration for the transfer of their entire shareholding interest in the Company by its own internal resources. Mr. Cheung has paid the consideration for the Acquired Shares by his own internal resources.

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## LETTER FROM THE BOARD

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The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, that is, the date of despatch of this Composite Document.

The Company confirms that, as at the Latest Practicable Date, (i) it has no outstanding dividend or other distribution which has been declared but not yet paid; and (ii) it does not have any intention to declare any dividend or other distributions during the Offer Period.

### **The CB Offer**

**For each HK\$1 face value of the Convertible Bonds . . . . . HK\$0.4 in cash**

The CB Offer Price for the Convertible Bonds is determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Conversion Shares into which the Convertible Bonds are convertible multiplied by the Share Offer Price.

The Convertible Bonds will be acquired fully-paid and free from all Encumbrances and together with all rights now or hereafter attaching or accruing to them. The CB Offer will apply to the outstanding Convertible Bonds in issue on the date on which the CB Offer is made and will not apply to any Convertible Bonds which are or have been converted into Conversion Shares prior to the close of the CB Offer.

Further details on the terms of the Offers and the procedures for acceptances are set out in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

### ***Condition to the Offers***

The Share Offer is conditional on the number of Shares in respect of valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the date on which the Offers close (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

The CB Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of this Composite Document (i.e. on 21 March 2023) (or such later date to which the Executive may consent).

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## LETTER FROM THE BOARD

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### 3. Information on the Offeror and the Group

#### (1) Information on the Offeror

Your attention is drawn to the paragraphs headed “3. Information on the parties” in the “Letter from Ever-long Securities” and Appendix V “General Information of the Offeror” to this Composite Document.

#### (2) Information on the Group

The Company is an investment holding company. The principal activities of its subsidiaries are provision of financial services, mortgage financing, insurance brokerage, property development and investment, and securities trading.

Set out below is a summary of (i) the audited financial information of the Group for each of the two financial years ended 31 March 2022 and 2021 as extracted from the annual reports of the Company for the years ended 31 March 2022 and 2021 respectively; and (ii) the unaudited financial information of the Group for each of the six months ended 30 September 2022 and 2021 as extracted from the interim reports of the Company for the respective periods:

	For the year ended 31 March		For the six months ended 30 September	
	2022 (Audited) <i>HK\$'000</i>	2021 (Audited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
Turnover	190,278	213,256	136,054	131,106
Profit/(loss) before taxation	7,383	(38,895)	(24,790)	(26,180)
Profit/(loss) for the year/period attributable to the owners of the Company	7,389	(38,895)	(24,790)	(26,180)
			As at	
	31 March 2022 (Audited) <i>HK\$'000</i>	31 March 2021 (Audited) <i>HK\$'000</i>	30 September 2022 (Unaudited) <i>HK\$'000</i>	30 September 2021 (Unaudited) <i>HK\$'000</i>
Net assets	479,826	470,321	455,036	444,293

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention of the CB Holders and the Independent Shareholders to the existence of a material uncertainty related to the Group’s ability to continue as a going concern in light of the Group’s net current liabilities of approximately HK\$23,083,000 as at 31 March 2022 (please refer to Appendix II to this Composite Document for details). The material uncertainty relating to the “going concern” basis of the Company means that the Independent Shareholders and the CB Holders are advised to take into account the foregoing and

## LETTER FROM THE BOARD

consider carefully the terms of the Offers. If the Independent Shareholders and the CB Holders decide not to accept the Offers, they should be aware of the potential risks associated with the material uncertainty in respect of the “going concern” issue.

Further details of the Group are set out in Appendix II “Financial Information of the Group” and Appendix IV “General Information of the Group” to this Composite Document.

### (3) *Shareholding structure of the Company*

The table below sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion; and (iii) after the completion of the Equity Transfer and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion		After the completion of the Equity Transfer and as at the Latest Practicable Date	
	Number of Shares	Approximate % of issued Shares (Note 4)	Number of Shares	Approximate % of issued Shares (Note 4)	Number of Shares	Approximate % of issued Shares (Note 4)
Mr. Cheung (Note 1)	112,148,360	15.81	142,771,532	20.13	–	–
Ms. Yeung (Note 1)	18,299,534	2.58	18,299,534	2.58	–	–
K.Y. Limited (Note 2)	25,965,916	3.66	25,965,916	3.66	–	–
Mr. Cheung Hoo Yin (Note 3)	38,816,381	5.47	38,816,381	5.47	38,816,381	5.47
The Offeror	–	–	–	–	187,036,982	26.37
The Offeror and parties acting in concert with it	195,230,191	27.52	225,853,363	31.84	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	483,461,650	68.16
Total	709,315,013	100.00	709,315,013	100.00	709,315,013	100.00

*Notes:*

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

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## LETTER FROM THE BOARD

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### **4. Future intentions of the Offeror regarding the Group**

Your attention is drawn to the section headed “Future intentions of the Offeror regarding the Group” set out in the “Letter from Ever-long Securities” contained in this Composite Document.

The Board is aware of the Offeror’s intention to continue the principal business of the Group. The Board is also aware that the Offeror has no intention to discontinue the employment of any employees of the Group nor introduce major changes in the business of the Group nor re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Board is aware that (i) the Offeror intends to, following the close of the Offers, review the operations of the Group from time to time in order to enhance a long-term growth potential for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base; (ii) the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company; and (iii) save for the Offeror’s intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; and (ii) downsizing or disposal of the existing business of the Company.

Based on the above, the Board is of the view that the intentions of the Offeror in relation to the Group are reasonable as it would ensure continuity and stability of the Group’s business operations going forward and are not expected to have a material adverse impact on the existing business of the Group. The Board is willing to cooperate with the Offeror for the best interests of the Company and its Shareholders as a whole.

### **5. Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee comprising Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor (being all of the independent non-executive Directors) has been established by the Board to advise the Independent Shareholders and the CB Holders in relation to the terms and conditions of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offers. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

The Independent Financial Adviser has been appointed by the Company pursuant to Rule 2.1 of the Takeovers Code and such appointment has been approved by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

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## LETTER FROM THE BOARD

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The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and CB Holders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee, the Independent Shareholders and CB Holders are set out in this Composite Document.

**You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

### **6. Recommendation**

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 28 to 31 of this Composite Document which contains its recommendations to the Independent Shareholders and the CB Holders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 32 to 55 of this Composite Document which contains its advice to the Independent Board Committee in respect of the Offers and the principal factors considered by it in arriving at its advice.

### **7. Additional Information**

Your attention is drawn to the additional information contained in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,  
For and on behalf of the Board of  
**Styland Holdings Limited**  
**Ng Yiu Chuen**  
*Director*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers which has been prepared for the purpose of inclusion in this Composite Document.*



### **STYLAND HOLDINGS LIMITED**

**大凌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 211)**

20 January 2023

*To the Independent Shareholders and the CB Holders*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFERS BY  
EVER-LONG SECURITIES COMPANY LIMITED  
ON BEHALF OF KENVONIA FAMILY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY KENVONIA FAMILY LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND  
ALL THE OUTSTANDING CONVERTIBLE BONDS OF  
STYLAND HOLDINGS LIMITED**

#### **INTRODUCTION**

We refer to the Composite Document of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise the Independent Shareholders and the CB Holders as to, in our opinion, whether or not the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the CB Holders are concerned, and to make recommendation as to acceptance of the Offers after taking into account the advice from the Independent Financial Adviser.

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Messis Capital Limited has been appointed with our approval as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and recommendation, together with the principal factors and reasons considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” in the Composite Document.

We also wish to draw your attention to the “Letter from Ever-long Securities”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offers and are therefore able to consider the terms of the Offers and to make recommendations to the Independent Shareholders and the CB Holders.

### RECOMMENDATIONS

#### The Share Offer

Taking into account the terms of the Share Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation as set out in the “Letter from the Independent Financial Adviser”, in particular:

- (i) the Share Offer Price represents a discount of approximately 71.1% to the highest closing Share price of HK\$0.305 per Share and a discount of 43.9% to the average closing Share price of HK\$0.157 during the Review Period;
- (ii) the price-to-book ratio (the “**PBR**”) and price-to-sales ratio (the “**PSR**”) implied by the Share Offer Price are much lower than the averages of the comparable companies (the “**Comparable Companies**”) as set out in the “Letter from the Independent Financial Adviser”, respectively;
- (iii) the PBR and PSR implied by the Share Offer Price fall within the ranges of the PBR and PSR of the Comparable Companies, respectively, but the ranges of PBR and PSR are relatively wide, and such might not provide meaningful pictures to conclude that the PBR and PSR implied by the Share Offer Price to be fair and reasonable;
- (iv) only two Comparable Companies out of 18 Comparable Companies have lower PBR(s) than the PBR implied by the Share Offer Price;
- (v) both of the PBR and PSR implied by the Share Offer Price are close to the lowest end of the range of the PBR and PSR of the Comparable Companies, respectively; and

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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- (vi) the Share Offer Price represents a discount of approximately 86.29% to the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 September 2022, which is deeper than the discounts of average closing price to net asset value per Share attributable to Shareholders for the periods set out in the section headed “4.4 Analysis of the average closing price to audited/unaudited net asset value” contained in the “Letter from the Independent Financial Adviser”,

we consider that the terms of the Share Offer are not fair and not reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders not to accept the Share Offer.

However, in view of (i) the declining revenue and consecutive loss-making performance of the Group over four financial years from 2018 to 2021 and the latest interim result for six months ended 30 September 2022, while the Group only made a minimal profit for the financial year ended 31 March 2022 which was mainly contributed by the fair value gain of properties, it is uncertain as to whether the Group could make a turnaround in operating results to be profitability in the near future; (ii) the trading volume during the Review Period (as defined in the “Letter from the Independent Financial Adviser”) was thin such that disposal of large block of Shares may trigger price slump of the Shares; and (iii) the Group’s net current liabilities condition which indicates that a material uncertainty existed that may cast significant doubt on the Group’s ability to continue as a going concern, the Share Offer provides the Independent Shareholders with an assured exit at a fixed price if they wish to realise their investments in the Shares.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Share Offer, if the net proceeds from such sales exceed the net amount receivable under the Share Offer.

### **The CB Offer**

Taking into account the terms of the CB Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation as set out in the “Letter from the Independent Financial Adviser”, including, among others, in the event that the CB Holders do not exercise the conversion rights before the maturity date, the CB Holders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the respective maturity date, which exceeds the amount to be received upon the acceptance of the CB Offer, although the CB Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration, we consider that the terms of the CB Offer are not fair and reasonable so far as the CB Holders are concerned, and recommend the CB Holders not to accept the CB Offer.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Notwithstanding our recommendation, the Independent Shareholders and the CB Holders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

Yours faithfully,

*For and on behalf of the Independent Board Committee*

**Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Convertible Bond Holders in respect of the Offers, which has been prepared for the purpose of incorporation in this Composite Document.*

**MESSIS** 大有融資

20 January 2023

*To: The Independent Board Committee, the Independent Shareholders  
and the Holders of Convertible Bonds of Styland Holdings Limited*

Dear Sirs or Madams,

**MANDATORY CONDITIONAL CASH OFFERS BY  
EVER-LONG SECURITIES COMPANY LIMITED  
ON BEHALF OF KENVONIA FAMILY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY KENVONIA FAMILY LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND  
ALL THE OUTSTANDING CONVERTIBLE BONDS OF  
STYLAND HOLDINGS LIMITED**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser, as approved by the Independent Board Committee, to advise the Independent Board Committee, the Independent Shareholders and the CB Holders in respect of the Offers, details of which are set out in the letter from the Board (“**Letter from the Board**”) contained in the Composite Document dated 20 January 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

As disclosed in the Rule 3.7 Joint Announcement, on 5 July 2022, Mr. Cheung, the then single largest shareholder of the Company as at the date of the Rule 3.7 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 the Rule 3.7 Joint Announcement) at a consideration of HK\$0.088 per Share from the Vendors. The Acquisitions were completed on 5 July 2022.

Immediately after Completion, the shareholding in the Company held by Mr. Cheung and parties acting in concert with him increased from approximately 27.52% to approximately 31.84%. Accordingly, Mr. Cheung was 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 Mr. Cheung 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It was also disclosed in the Rule 3.7 Joint Announcement that, on 23 July 2022, Mr. Cheung via the Group submitted the Application A to the SFC to seek approval pursuant to section 132 of the SFO for him to be a substantial shareholder of the Licensed Corporations.

As disclosed in the Monthly Update Announcements, the Application A was then returned by the SFC to Mr. Cheung.

In view of complying with the relevant requirements under the Takeovers Code and the SFO, Mr. Cheung had further submitted the Proposal to the SFC, pursuant to which Mr. Cheung proposed to, among other things, transfer his entire shareholding in the Company to the Family Members, and the Family Members might (i) seek approval pursuant to section 132 of the SFO to be the substantial shareholders of the Licensed Corporations; and (ii) make the Offers accordingly.

In accordance with the Proposal, (i) on 15 December 2022, Mr. Cheung, Ms. Yeung, K.Y. Limited (a company beneficially owned by Mr. Cheung and Ms. Yeung) and the Offeror entered into the bought and sold notes for the Equity Transfer, pursuant to which Mr. Cheung, Ms. Yeung and K.Y. Limited have transferred their entire shareholding interest in the Company to the Offeror, which was incorporated by the Family Members, at an aggregate consideration of HK\$4; and (ii) on 1 November 2022, the Application B, which has been submitted by the Family Members and the Offeror to the SFC to seek approval pursuant to section 132 of the SFO for the Family Members and the Offeror to be substantial shareholders of the Licensed Corporations, was accepted by the SFC. On 8 December 2022, the Application B was approved.

As such, after the Equity Transfer, the Offeror and parties acting in concert with it are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

In view of the above background and upon completion of the Equity Transfer on 15 December 2022, the Offeror will make mandatory conditional cash offers for (i) all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it) 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.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor, has been established to advise the Independent Shareholders and the CB Holders as to the terms of the Offers and as to their acceptance. All the independent non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Offers, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders and the CB Holders as to the terms and acceptance of the Offers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we did not have any relationships or interests in the Company and the Offeror that could reasonably be regarded as relevant to our independence. In the last two years, we have not entered into any engagement with the Company, the Offeror or any of their respective subsidiaries or associates. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we have or will receive any fees or benefits from the Group, the Offeror, any of their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in respect of the Offers.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have also assumed that all representations contained or referred to in the Composite Document were true at the time they were made and as at the Latest Practicable Date and will continue to be true up to the close of the Offers, and that the Independent Shareholders and CB Holders will be informed as soon as reasonably practicable in accordance with the Takeovers Code if we become aware of any material change to such information provided and representations made, or if there is any change to our opinion.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendations. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Company or the Offeror or any of their respective subsidiaries or associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### TERMS OF THE OFFERS

As at the Latest Practicable Date, 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 Latest Practicable Date. Ever-Long Securities, on behalf of the Offeror, is making the Offers (i) to acquire all the Offer Shares; and (ii) to acquire all the outstanding Convertible Bonds pursuant to Rule 13.5 of the Takeovers Code on the terms set out in the Composite Document in accordance with the Takeovers Code on the following basis:

#### The Share Offer

**For every Offer Share held . . . . . HK\$0.088 in cash**

The Share Offer Price of HK\$0.088 per Offer Share represents (i) the price for each Share paid in respect of the Acquisitions; and (ii) the highest price paid by the Offeror or parties acting in concert with it for the acquisition of the Shares within six months prior to the commencement of the Offer Period and up to and including the Latest Practicable Date.

The Offeror has paid Mr. Cheung, Ms. Yeung and K.Y. Limited the consideration for the transfer of their entire shareholding interest in the Company by its own internal resources. Mr. Cheung has paid the consideration for the Acquired Shares by his own internal resources.

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, that is, the date of despatch of the Composite Document.

The Company confirms that, as at the Latest Practicable Date, (i) it has no outstanding dividend or other distribution which has been declared but not yet paid; and (ii) it does not have any intention to declare any dividend or other distributions during the Offer Period.

#### The CB Offer

**For every HK\$1 face value of the Convertible Bonds . . . . . HK\$0.4 in cash**

The CB Offer Price for the Convertible Bonds is determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Conversion Shares into which the Convertible Bonds are convertible multiplied by the Share Offer Price. The Convertible Bonds will be acquired fully-paid and free from all Encumbrances and together with all rights now or hereafter attaching or accruing to them. The CB Offer will apply to the outstanding Convertible Bonds in issue on the date on which the CB Offer is made and will not apply to any Convertible Bonds which are or have been converted into Conversion Shares prior to the close of the CB Offer.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

#### 1. Financial information of the Group

The principal activities of the Group consist of financial services, mortgage financing, insurance brokerage, property development and investment and securities trading.

The following table is a summary of the financial information of the Group for the two years ended 31 March 2021 and 2022 as extracted from the annual report of the Company for the year ended 31 March 2022 (the “**Annual Report 2022**”), the annual report of the Company for the year ended 31 March 2021 (the “**Annual Report 2021**”) and the interim report of the Company for the six months ended 30 September 2022 (the “**Interim Report 2022/23**”), respectively.

	For the six months ended		For the year ended	
	30 September	31 March	31 March	2021
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
<b>Revenue</b>				
– Financial services	5,128	11,539	21,760	25,001
– Mortgage financing	6,950	8,906	16,614	21,566
– Insurance brokerage	209	491	815	–
– Securities trading	122	99	113	442
<b>Total</b>	<b>12,409</b>	<b>21,035</b>	<b>39,302</b>	<b>47,009</b>
<b>(Loss)/profit for the period/year attributable to owners of the Company</b>	<b>(24,790)</b>	<b>(26,180)</b>	<b>7,389</b>	<b>(38,895)</b>

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at <b>30 September</b>	As at 31 March	
	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
<b>Non-current assets</b>	530,336	541,525	436,127
<b>Current assets</b>	279,367	340,526	389,402
<b>Current liabilities</b>	340,326	363,609	333,558
<b>Net current (liabilities)/assets</b>	(60,959)	(23,083)	55,844
<b>Non-current liabilities</b>	14,341	38,616	21,650
<b>Net assets</b>	455,036	479,826	470,321

*For the year ended 31 March 2022*

The Group recorded revenue of approximately HK\$39.3 million for the year ended 31 March 2022, representing a year-on-year decrease of approximately 16.4% as compared to the revenue of approximately HK\$47.0 million for the previous year. With reference to the Annual Report 2022, it has recorded an increase in brokerage income; however, the increase was absorbed by the decreases in interest income from the brokerage and other financing, mortgage financing as well as the decrease in corporate finance service fee income. Such decreases in revenue were primarily due to the combined effect of the inactivity of the IPO market and the prudent approach taken towards its business by the Group under the COVID-19 circumstances. For the year ended 31 March 2022, however, due to the change in fair value gain recognized for its investment properties, the Group recorded a profit for the year of approximately HK\$7.4 million as compared to a loss for the year of HK\$38.9 million for the year ended 31 March 2021.

As at 31 March 2022, the Group recorded net current liabilities and net assets of approximately HK\$23.1 million and HK\$479.8 million, respectively. With reference to the Annual Report 2022, the net current liabilities position as at 31 March 2022 as opposed to net current assets position as at 31 March 2021 was mainly resulted from the decrease in loan receivables due to the Group's strategy to downsize its mortgage loan portfolio and the Group's additional redevelopment costs for its investment property. However, the Group's net asset as at 31 March 2022 was approximately 2.0% higher than that as at 31 March 2021 due to the increase in value of investment properties which outweighed the decrease in current assets and the increase in liabilities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the six months ended 30 September 2022*

The Group recorded revenue of approximately HK\$12.4 million for the six months ended 30 September 2022, representing a year-on-year decrease of approximately 41.0% as compared to the revenue of approximately HK\$21.0 million for the previous corresponding period. Based on the Interim Report 2022/23, such decrease was mainly attributed to the decrease in revenue generated from financial services and mortgage financing services resulted from the uncertainties to the global economy as well as the market sentiment in Hong Kong due to COVID-19 pandemic and interest rate hike. For the six months ended 30 September 2022, loss attributable to the owners of the Company was approximately HK\$24.8 million as compared to the loss of HK\$26.2 million for the corresponding period in 2021. With reference to the Interim Report 2022/23, it is the Group's strategy to maintain a healthy portfolio as its first priority with a view to preserve its financial strength aiming for long-term profitability when the economy recovers.

As at 30 September 2022, the Group recorded net current liabilities and net assets of approximately HK\$61.0 million and HK\$455.0 million, respectively. The net asset level remained stable as compared to that as at 31 March 2022.

According to the consolidated financial statements for the year ended 31 March 2022 and the six months ended 30 September 2022, the Group had recorded the net current liabilities of approximately HK\$23.1 million and HK\$61.0 million, respectively. We noted that according to the Annual Report 2022, the auditor indicated that the Group had net current liabilities of approximately HK\$23,083,000 as at 31 March 2022. This condition indicated that a material uncertainty existed that may cast significant doubt on the Group's ability to continue as a going concern. Thus, in event that the Group might have the liquidity issue and such issue could not be resolved by the Group, there would be adverse effects on the financial position and the business operation.

### **Prospects and outlook of the Group**

The principal activities of the Group consist of financial services, mortgage financing, insurance brokerage, property development and investment and securities trading. According to the Annual Report 2022 and the Interim Report 2022/23, the revenues of the Group were mainly generated by financial services and mortgage financing segments. After conducting market researches of both industries which are stated below, we consider that the market condition in which the Group is operating is uncertain.

#### *Financial services industry*

According to a recent research, the fundraising amount from initial public offerings in the Hong Kong in 2022 has slumped by nearly 70% to HK\$102 billion as compared to 2021, falling out of the top three global listing venues for the second year in a row. It is also reported that a number of global fund management companies have moved regional and global posts out of Hong Kong as harsh COVID policies deter hiring in 2022. It is also noted that there is no significant increase in security trading volume after the recent relaxation of COVID restrictions. According to the statistics released by the Stock Exchange, the average daily securities trading volume of December 2022 is approximately 18.6% lower than that of November 2022. According to a research report dated 8 December 2022 issued by KPMG in relation to the capital market in Hong Kong, the increasing interest rate may affect the public's

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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investment sentiment, return of large initial public offerings will not return to the market until the second half of 2023. Such indicates that the financial market may not be fully recovered quickly and the financial services business may still be challenging in forthcoming year, therefore, it is expected that the Group's financial services businesses will continue to face uncertainties brought by the pessimistic sentiment of the market in the forthcoming year.

### *Property Market*

According to the Land Registry, residential sales volume registered the lowest level in two years at 10,056 deals in the first half of 2022, representing a drop of 33.8% quarter on quarter. Most developers opted to postpone new launches, especially after January 2022 when the gathering restrictions further tightened which lowered market activity and dampened sentiments. As such, sales transactions in the primary property market recorded a drop of 63.2% quarter on quarter, compared to the decline of 20.8% in the secondary property market.

In addition, in light of the high inflation in the United States, the Federal Reserve is expected to continue to raise its interest rates in the near future. Interest rates in Hong Kong will inevitably be affected due to its exchange rate peg system with the US dollar. We are of the view that under such circumstances, the Group's securities trading and mortgage financing businesses will continue to face uncertainties.

In view of the prevailing industry outlook as demonstrated above, and that the Group has been facing challenges caused by the prolonged effect of COVID-19 epidemic on global basis which has a negative impact on economic sentiment, as well as the trade uncertainty brought by the interest rate hike, leading to the year-on-year decline in the Group's revenue, we are of the view that the market condition in which the Group is operating is uncertain.

## **2. Background information of the Offeror**

The Offeror is an investment holding company incorporated under the laws of Hong Kong with limited liability on 29 September 2022. As at the Latest Practicable Date, save for the 187,036,982 Shares held by the Offeror as a result of the Equity Transfer, representing approximately 26.37% of the issued Shares of the Company as at the Latest Practicable Date, the Offeror does not hold any other investments.

As at the Latest Practicable Date, the Offeror is owned as to approximately 33.33% by Mr. Cheung Hoo Win, approximately 33.33% by Ms. Cheung Lok Chi and approximately 33.33% by Mr. Cheung Hoo Yin. The directors of the Offeror are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi, and Mr. Cheung Hoo Yin.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 225,853,363 Shares, representing approximately 31.84% of the entire issued share capital of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Each of Mr. Cheung Hoo Win, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin is the child of Mr. Cheung and Ms. Yeung.

Mr. Cheung Hoo Win is the chief executive officer of the Company and an executive Director. He is responsible for (i) the entire Group's business and development; (ii) the Group's China-related businesses; and (iii) dealing with the Group's mainland customers which also have their operations in Hong Kong.

Ms. Cheung Lok Chi joined the Group in November 2017 and is a senior executive responsible for business and office administration functions and in charge of the property investment and re-development of the Group.

As at the Latest Practicable Date, Mr. Cheung Hoo Yin is holding 38,816,381 Shares, representing approximately 5.47% of the issued share capital of the Company. Mr. Cheung Hoo Yin joined the Group in April 2019 and is a director of certain subsidiaries of the Group. He is responsible for planning business direction, setting business goals, formulating business strategies, allocating manpower, maximizing resources utilisation and performing general administration of the Group's financial services segment.

Immediately after the Completion and prior to completion of the Equity Transfer, Mr. Cheung was holding 142,771,532 Shares, representing approximately 20.13% of the issued share capital of the Company. Mr. Cheung is the founder of the Group and has led the Group for 25 years since its establishment in 1977 until his resignation as the Chairman and Director on 18 June 2002. He has extensive experience in corporate management.

Ms. Yeung is the spouse of Mr. Cheung. Immediately after the Completion and prior to completion of the Equity Transfer, Ms. Yeung was holding 18,299,534 Shares, representing approximately 2.58% of the issued share capital of the Company. Ms. Yeung has served the Group for over 30 years until her retirement as the Director on 5 December 2010. She has extensive experience in business management.

K.Y. Limited is wholly-owned by Kenvonnia Holdings Limited which is in turn held equally by Mr. Cheung and Ms. Yeung. Immediately after the Completion and prior to completion of the Equity Transfer, K.Y. Limited was holding 25,965,916 Shares, representing approximately 3.66% of the issued share capital of the Company.

As at the Latest Practicable Date, none of Mr. Cheung, Ms. Yeung, and K.Y. Limited has any interests in any Shares or other securities of the Company.

### **3. Intention of the Offeror in relation to the Group**

As set out in the "Letter from Ever-Long Securities" contained in the Composite Document, the Offeror considers and confirms that it is intended that the Group will continue with its existing principal business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offeror will, following the close of the Offers, review the operations of the Group from time to time in order to enhance a long-term growth potential for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. The Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the Latest Practicable Date, the Offeror had no intention or concrete plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save as disclosed above, as at the Latest Practicable Date, the Offeror had no intention to introduce any major changes to the existing business of the Group or redeploy the fixed assets of the Group other than in its ordinary course of business.

In respect of the Board composition of the Company, the Board currently comprises two executive Directors, namely Mr. Cheung Hoo Win and Mr. Ng Yiu Chuen, and three independent non-executive Directors, namely Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor.

As at the Latest Practicable Date, the Offeror does not intend to nominate any directors to the Board.

As at the Latest Practicable Date, the Offeror had no intention to discontinue the employment of any of the Group's employees.

#### **4. Analysis of the Share Offer Price**

The Share Offer Price of HK\$0.088 per Offer Share represents:

- (i) the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (ii) a discount of approximately 6.38% to the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (iii) a discount of approximately 15.38% to the average closing price of approximately HK\$0.104 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;
- (iv) a discount of approximately 18.52% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including 8 July 2022, being the last trading day immediately prior to the commencement of the Offer Period;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) a premium of approximately 29.41% over the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately 29.41% over the average closing price of approximately HK\$0.068 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 27.54% over the average closing price of approximately HK\$0.069 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 27.54% over the average closing price of approximately HK\$0.069 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (ix) a discount of approximately 11.11% to the closing price of HK\$0.099 per Share as quoted on the Stock Exchange on 4 July 2022, being the last trading day immediately prior to the Acquisitions;
- (x) a discount of approximately 86.98% to the audited consolidated net assets attributable to owners of the Company of approximately HK\$0.676 per Share as at 31 March 2022, which is calculated based on the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$479,826,000 as at 31 March 2022 and 709,315,013 Shares in issue as at the Last Trading Day;
- (xi) a discount of approximately 86.29% to the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 September 2022, which is calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK\$455,036,000 as at 30 September 2022 and 709,315,013 Shares in issue as at the Last Practicable Date, while there is no change in the valuation of the properties held by the Group as at 30 September 2022 and 30 November 2022 as shown in the property valuation report dated 20 January 2023 prepared by an independent valuer as set out in Appendix III to the Composite Document. Accordingly, no adjustment is necessary on the unaudited net asset value of the Group as at 30 September 2022; and
- (xii) a premium of approximately 18.9% to the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In assessing the fairness and reasonableness of the Share Offer Price, we have primarily taken into consideration the following factors:

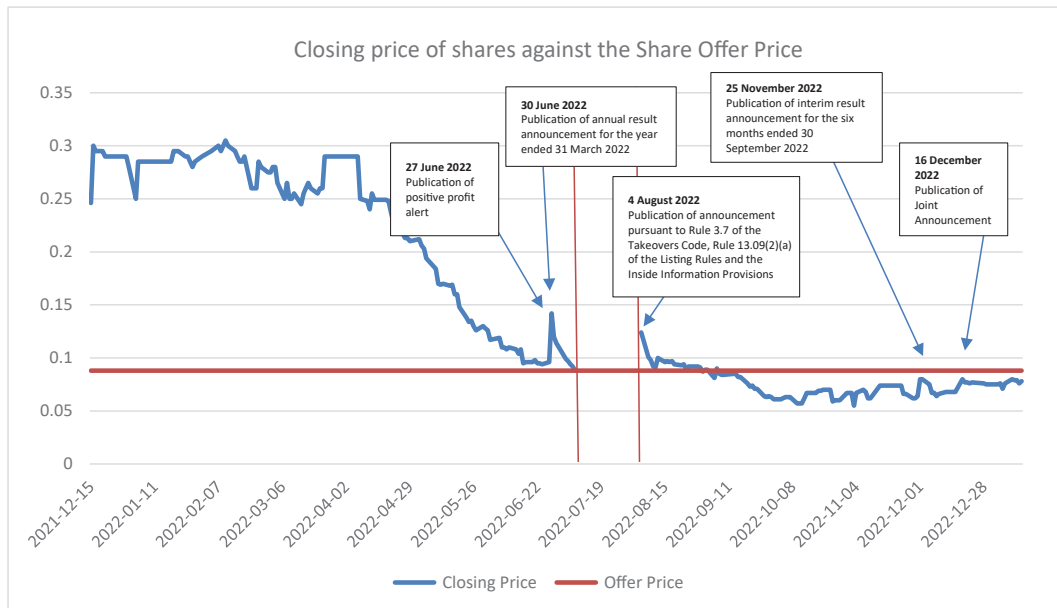
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.1 Historical closing price of the Shares

The following chart depicts the daily closing price of the Shares as quoted on the Stock Exchange for the period from 15 December 2021, being the date falling one year prior to the date of the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”), being a period covering around one year prior to the date of the Joint Announcement which we consider a reasonable and sufficient period to illustrate the historical performance of the closing price of the Shares:



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: Trading of the Shares was suspended from 11 July 2022 to 5 August 2022.

As illustrated in the chart above, the closing Share price ranged from the lowest of HK\$0.055 per Share on 3 November 2022 to the highest of HK\$0.305 per Share on 10 February 2022, with an average closing price of approximately HK\$0.157 per Share during the Review Period.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, the closing Share prices have shown a slumping trend, the average Share price for the period from 20 December 2021 to 31 December 2022 is approximately HK\$0.28 per Share, while the average closing price from the period of 1 April 2022 to the Latest Practicable Date is approximately HK\$0.11 per Share. We noted that following the publication of the positive profit alert on 27 June 2022, the closing price of Shares rebounded from approximately HK\$0.096 per Share to approximately HK\$0.142 per Share on 28 June 2022. However, after the publication of annual results announcement for the year ended 31 March 2022 on 30 June 2022, the closing Share prices continue to decline and bottomed at HK\$0.088 per Share on 8 July 2022, the last trading day before the trading halt commenced from 11 July 2022. Following the publication of announcement of the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and inside information provisions on 4 August 2022 relating to the Acquisitions, the trading of Shares was resumed on 5 August 2022 and the closing price of the Shares was HK\$0.124 per Share on the first day of resumption of trading, representing an approximately 40.9% rise as compared to the previous trading day. Subsequently, the closing prices of the Shares declined further and bottomed at HK\$0.055 per Share on 3 November 2022. The closing share prices then remained stable with slight fluctuation between the range of approximately HK\$0.062 to approximately HK\$0.080 from 4 November 2022 to 16 December 2022, being the day of the Joint Announcement. Following release of the Joint Announcement after trading hours on 16 December 2022, the Share price oscillated within the range of HK\$0.066 and HK\$0.079 from 19 December 2022 and up to the Latest Practicable Date.

Save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Review Period.

The Share Offer Price of HK\$0.088 per Offer Share lies within the range of the closing Share price during the Review Period, which represents a premium of approximately 60.0% over the lowest closing Share price of HK\$0.055 per Share, a discount of approximately 71.1% to the highest closing Share price of HK\$0.305 per Share and a discount of 43.9% to the average closing Share price of HK\$0.157 during the Review Period.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 4.2 Review of the trading liquidity of the Shares

The table below sets out the average daily trading volume of the Shares and the percentage of the average daily trading volume to the total number of issued Shares for each month during the Review Period:

Period/month	Total volume of the Shares traded (Shares)	Number of trading days (days)	Average daily volume (Shares) (Note 1)	Total number of issued Shares (Shares)	Percentage of average daily trading volume over total number of issued Shares %	Percentage of average daily trading volume over the total number of Shares held by public Shareholders %
					(Note 2)	(Note 3)
<b>2021</b>						
December (Starting from 15 December 2021)	1,009,089	12	84,090	702,424,052	0.001	0.001
<b>2022</b>						
January	5,051,741	21	240,559	702,427,607	0.03	0.05
February	1,085,243	17	63,838	709,315,013	0.01	0.01
March	4,935,705	23	214,596	709,315,013	0.03	0.04
April	6,751,934	18	375,107	709,315,013	0.05	0.08
May	14,392,980	20	719,649	709,315,013	0.10	0.15
June	45,212,850	21	2,152,993	709,315,013	0.30	0.45
July (Note 4)	32,617,908	5	6,523,582	709,315,013	0.92	1.35
August (Starting from 5 August 2022)	82,342,014	19	4,333,790	709,315,013	0.61	0.90
September	16,114,385	21	767,352	709,315,013	0.11	0.16
October	1,467,794	20	73,390	709,315,013	0.01	0.02
November	2,096,898	22	95,314	709,315,013	0.01	0.02
December	12,104,330	20	605,217	709,315,013	0.09	0.13
January (Up to and including the Latest Practicable Date)	3,468,101	11	315,281.9	709,315,013	0.04	0.07

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

- Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
- Based on total number of Shares in issue at the end of each month/period or as at the Latest Practicable Date.
- The total number of Shares held by the public is based on the number of Shares held by public Shareholders of 483,461,650 Shares as at the Latest Practicable Date.
- Trading of the Shares was suspended from 11 July 2022 to 4 August 2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above table, the average daily trading volume was low during the Review Period, with a range from approximately 63,838 Shares to approximately 6.5 million Shares, representing approximately 0.009% to 0.92% over the total number of Shares in issue as at the end of the respective month/period, and approximately 0.01% to 1.35% of the total number of Shares held by public Shareholders as at the end of the respective month/period. It is therefore observed that the trading volume of the Shares was thin during the Review Period.

Given the thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. As such, the Share Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares.

### 4.3 *Comparable analysis*

In order to further assess the fairness and reasonableness of the Share Offer, we have considered three commonly adopted approaches in evaluation of a company, namely price-to-earnings ratio (the “**PER**”), price-to-book ratio (the “**PBR**”) and price-to-sales ratio (the “**PSR**”), which are commonly adopted trading multiple analyses. Since (i) the Group had recorded continuing losses from years 2018 to 2021 and the latest interim result for six months ended 30 September 2022; (ii) the Group only recorded a thin profit for the year ended 31 March 2022, which was mainly contributed by fair value gain of the properties, the financial results of the year 31 March 2022 may not be able to represent the historical financial performance of the Group. Therefore, PER is not applicable for assessing the value of the Group and thus the PBR and PSR would be the most appropriate and relevant approaches to assess the fairness of the Share Offer.

We have attempted to identify the comparable companies which are (i) listed on the Main Board of Stock Exchange; (ii) principally engaged in same or similar business of the Group and generating more than 50% revenue from the segment(s) of financial services (excluding banks and insurance companies); (iii) hold one or more licenses granted by the Securities and Futures Commission; and (iv) with the market capitalization below HK\$1 billion as the comparable size of the Company. Based on the above-mentioned criteria, we have identified eighteen comparable companies (the “**Comparable Companies**”) as valuation benchmarks and we consider such Comparable Companies are fair and representative samples for comparison purpose and represent an exhaustive list of relevant comparable companies based on the said criteria and is sufficient for assessing the fairness and reasonableness of the Share Offer Price

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Company name (stock code)	Principal business	Latest Audited Net Asset Value (HK\$ million)	Revenue for last financial year (HK\$ million)	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	PBR (Note 2) (times)	PSR (times)
Cinda International Holdings Limited (111)	Provision of corporate finance services, securities trading, futures trading, asset management, wealth management and leveraged foreign exchange trading services.	1,023	263	231	0.23	0.88
Sunwah Kingsway Capital Holdings Limited (188)	Proprietary investment, property investment, brokerage and financing, corporate finance and capital markets, asset management	910	69	223	0.25	3.23
Shenwan Hongyuan (H.K.) Limited (218)	Wealth management, enterprise finance, institutional services and trading, asset management and other business.	3,852	742	843	0.22	1.14
First Shanghai Investment Limited (227)	Securities investment, corporate finance, stockbroking, property development, property investment, hotel operation, medical and healthcare services, direct investment, investment holding and management.	2,485	530	269	0.11	0.51
GoFintech Innovation Limited (290)	Securities and insurance brokerage, asset management, corporate finance, margin financing and money lending services.	248	58	250	0.84	4.28
CASH Financial Services Group Limited (510)	Provision of online and traditional brokerage of securities, futures and options as well as life insurance, mutual funds and mandatory provident fund products; proprietary trading of debt and equity securities and derivatives; provision of margin financing and money lending services; provision of investment banking services; and provision of asset management services.	404	99	123	0.30	1.24
Imagi International Holdings Limited (585)	Integrated financial services comprised of the provision of securities brokerage and related services, margin financing services, asset management services, money lending services and securities investments and proprietary trading.	785	37	253	0.32	6.85

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code)	Principal business	Latest Audited Net Asset Value (HK\$ million)	Revenue for last financial year (HK\$ million)	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	PBR (Note 2) (times)	PSR (times)
South China Financial Holdings Limited (619)	Securities, commodities and bullion broking and trading; margin financing and money lending; provision of corporate advisory and underwriting services; asset and wealth management; property investment; media publications and financial public relation services; sales of jewellery products; and investment holding	485	109	104	0.21	0.96
Emperor Capital Group Limited (717)	(i) commercial and personal lending as well as margin and initial public offering (“IPO”) financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services	3,550	518	526	0.15	1.01
Pinestone Capital Limited (804)	Provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services.	192	25	99	0.43	3.95
Southwest Securities International Securities Limited (812)	Brokerage and margin financing, corporate finance, asset management and proprietary trading	220	135	135	0.62	1.00
Value Convergence Holdings Limited (821)	Provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage	927	125	276	0.30	2.20
Da Yu Financial Holdings Limited (1073)	Dealing in securities, advising on securities, advising on corporate finance and asset management	466	60	256	0.55	4.27
Fu Shek Financial Holdings Limited (2263)	Securities trading services including brokerage services and margin financing services; placing and underwriting services; and asset management services.	340	39	153	0.45	3.91
Innovax Holdings Limited (2680)	Corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services, asset management services and money lending services.	209	39	100	0.48	2.57
Holly Futures Company Limited (3678)	Futures brokerage business, asset management business, commodity trading and risk management business	1,850	2,010	544	0.96	0.27

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company name (stock code)	Principal business	Latest Audited Net Asset Value <i>(HK\$ million)</i>	Revenue for last financial year <i>(HK\$ million)</i>	Market capitalisation as at the Latest Practicable Date <i>(Note 1)</i> <i>(HK\$ million)</i>	PBR <i>(Note 2)</i> <i>(times)</i>	PSR <i>(times)</i>
LFG Investment Holdings Limited (3938)	Corporate finance advisory services, securities and financing services and asset management services.	169	92	95	0.56	1.04
China Industrial Securities International Financial Group Limited (6058)	Brokerage, loans and financing, investment banking and asset management services.	3,387	668	412	0.12	0.62
				<b>Lowest:</b>	<b>0.11</b>	<b>0.27</b>
				<b>Highest:</b>	<b>0.96</b>	<b>6.85</b>
				<b>Mean:</b>	<b>0.39</b>	<b>2.22</b>
				<b>Median:</b>	<b>0.31</b>	<b>1.19</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company name (stock code)	Principal business	Latest Audited Net Asset Value <i>(HK\$ million)</i>	Market capitalisation implied by the Share Offer Price <i>(HK\$ million)</i>	PBR <i>(times)</i>	PSR <i>(times)</i>
The Company (211)	Financial services, mortgage financing, insurance brokerage, property development and investment and securities trading.	480	62 <i>(Note 3)</i>	0.14 <i>(Note 3)</i>	1.58 <i>(Note 6)</i>

*Source:* the website of the Stock Exchange (<https://www.hkexnews.hk>)

*Notes:*

1. As computed by multiplying the total number of issued shares and the closing share price quoted on the Stock Exchange on the Latest Practicable Date.
2. As computed by dividing the respective market capitalisation by the respective audited net asset value recorded by the company as extracted from the latest published audited annual reports/results.
3. The PBR as implied by the Share Offer Price is computed by dividing the Share Offer Price by the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.6412 per Share as at 30 September 2022.
4. For illustrative purpose only, approximate currency translation rates of RMB1 to HK\$1.1 and US\$1 to HK\$7.8 were adopted in our analysis.
5. As computed by dividing the respective market capitalisation by the respective revenue recorded by the company as extracted from the latest published audited annual reports/results.
6. The PSR as implied by the Share Offer Price is computed by dividing the implied market capitalisation of the Company, being the Share Offer Price multiplied by the total number of issued Shares as at the Latest Practicable Date, by the revenue recorded by the Company as extracted from the Annual Report 2022.

As shown in the above table, the PBR of the Comparable Companies ranged from approximately 0.11 times to 0.96 times, with an average of approximately 0.39 times and a median of approximately 0.31 times. Although the PBR implied by the Share Offer Price of 0.14 times falls within the range of the PBR, it is close to the lowest value of the Comparable Companies and is far below than the average PBR and the median PBR presented by the Comparable Companies.

The PSR of the Comparable Companies ranged from approximately 0.27 times to 6.85 times, with an average of approximately 2.22 times and a median of approximately 1.19 times. The PSR implied by the Share Offer Price of 1.58 times falls within the range and is higher than the median PSR presented by the Comparable Companies but it is approximately 28.8% below than the average PSR.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated above, given that (i) the PBR and PSR implied by the Share Offer are lower than the averages of the Comparable Companies, respectively; (ii) the PBR and PSR implied by the Share Offer prices fall within the ranges of the PBR and PSR of the Comparable Companies, respectively, but the ranges of PBR and PSR are relatively wide, and such might not provide meaningful pictures to conclude that the PBR and PSR implied by the Share Offer prices to be fair and reasonable; (iii) only two Comparable Companies out of 18 Comparable Companies have lower PBR(s) than the PBR implied by the Share Offer Price and (iv) both of the PBR and PSR implied by the Share Offer Price are close to the lowest end of the range of the PBR and PSR of the Comparable Companies, respectively, we are of the view that the Share Offer Price to be not fair and not reasonable.

#### 4.4 Analysis of the average closing price to audited/unaudited net asset value

We understood that the Share Offer Price represented a discount of approximately 87.0% to the audited net asset value attributable to the owners of the Company as at 31 March 2022. Considering that the Shares have been traded at a substantial discount to the respective audited/unaudited consolidated net asset value per Share, ranging from a minimum discount of approximately 54.9% to a maximum discount of approximately 91.9% during the Review Period, we are of the view that the prevailing market price may be a more relevant factor in determining the fairness and reasonableness of the Share Offer Price, while the discount to net asset value may be taken as a reference only. For illustrative purpose, the table below shows the historical average closing price per Share against the Group's published net asset value per share attributable to Shareholders over the period from 1 October 2019 to 30 September 2022, which we consider to be a reasonable representation to illustrate the historical trend of closing prices of Shares against the net asset value per Share calculated based on the audited/unaudited consolidated net assets attributable to the Shareholders divided by the number of Shares in issue as at the relevant year/period:

The annual report/ interim report for the year/ period ended	Net asset value per Share attributable to Shareholders <i>(Note 1)</i> <i>HK\$</i>	Average closing Share price <i>(Note 2)</i> <i>HK\$</i>	Highest closing price	Lowest closing price	Average closing price to net asset value per Share attributable to Shareholders <i>(Note 3)</i>	Highest closing price to net asset value per Share attributable to Shareholders	Lowest closing price to net asset value per Share attributable to Shareholders
30 September 2022	0.642	0.133	0.29	0.061	(79.25)%	(54.83)%	(90.50)%
31 March 2022	0.676	0.277	0.31	0.224	(59.02)%	(54.14)%	(66.86)%
30 September 2021	0.633	0.308	0.335	0.255	(51.31)%	(47.08)%	(59.72)%
31 March 2021	0.670	0.312	0.385	0.224	(53.44)%	(42.54)%	(66.57)%
30 September 2020	0.769	0.251	0.41	0.19	(67.36)%	(46.68)%	(75.29)%
31 March 2020	0.844	0.348	0.47	0.22	(58.79)%	(44.31)%	(73.93)%



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The audited and unaudited consolidated net asset value attributable to Shareholders as at the respective year/period end date are extracted from the respective annual/interim reports published by the Company.
2. The average closing Share price represents the average closing price during the period from the trading day following the publication of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. The discount represents the discount of the average closing Share price to the net asset value per Share attributable to the Shareholders as at the respective year/period end date.
4. As a result of share consolidation becoming effective on 28 September 2020, every ten then shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.10 each. For illustrative purpose, the average closing Share price for the relevant period is calculated based on the closing price and adjusted by dividing the ratio of such share consolidation, i.e. 10/1.

With reference to the table above, we noted that the Shares had been traded at substantial discounts to net asset value attributable to Shareholders since the publication of its annual result announcements or interim results announcements for the past three years. It can be seen that the trading price of the Shares does not correlate with the changes of the net asset value attributable to Shareholders of the Group. This may indicate that investors might not have valued the Shares based solely on the underlying value of the Group's assets.

However, considering the Share Offer Price represents a discount of approximately 86.29% to the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 September 2022 which is deeper than the discounts of average closing price to net asset value per Share attributable to Shareholders in any aforementioned period, we are of the view that the Share Offer Price is unfair and unreasonable so far as the Offer Shareholders are concerned.

### **5. Analysis of the offer price for the CB Offer**

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds in the principal amount of HK\$23,000,000 with conversion price of HK\$0.22 carrying the rights to convert into 104,545,454 Conversion Shares. The CB Offer Price is HK\$0.40 for every HK\$1 face value of the Convertible Bonds, valuing the Convertible Bonds at approximately HK\$9,200,000. Assuming no Convertible Bond is converted into Shares, the aggregate value of the Share Offer and the CB Offer is approximately HK\$51,744,625.

We understand that the CB Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. We understand that the "see-through" price is adopted for the CB Offer and we also understand the "see-through" price is commonly adopted for convertible instrument in conjunction with a general offer for ordinary shares. We note that the CB Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the "see-through" consideration for the Convertible Bonds, being the number of Shares into which the Convertible Bonds are convertible at conversion price of HK\$0.22 each (being approximately 104,545,454 Conversion Shares) multiplied by the Share Offer Price (being HK\$0.088 per Share).

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However, in the event that the CB Holders do not exercise the conversion rights before the maturity date of the Convertible Bonds, the CB Holders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the respective maturity date which exceeds the amount to be received upon the acceptance of the CB Offer.

Although the CB Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration of Convertible Bonds, the Share Offer Price is considered to be not fair and not reasonable, we consider the CB Offer Price to be unfair and unreasonable. In addition, the CB Holders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the maturity date which (i.e. 10 August 2023), which exceeds the amount to be received upon the acceptance of the CB Offer. Therefore, we are of the view that the CB Offer is not fair and not reasonable as far as the CB Holders are concerned and the CB Holders are recommended not to accept the CB Offer accordingly.

### RECOMMENDATIONS

#### The Share Offer

Having considered the above principal factors and reasons set out above, in particular:

- (i) the Share Offer Price represents a discount of approximately 71.1% to the highest closing Share price of HK\$0.305 per Share and a discount of 43.9% to the average closing Share price of HK\$0.157 during the Review Period;
- (ii) the PBR and PSR implied by the Share Offer Price are much lower than the averages of the Comparable Companies, respectively;
- (iii) the PBR and PSR implied by the Share Offer Price fall within the ranges of the PBR and PSR of the Comparable Companies, respectively, but the ranges of PBR and PSR are relatively wide, and such might not provide meaningful pictures to conclude that the PBR and PSR implied by the Share Offer Price to be fair and reasonable;
- (iv) only two Comparable Companies out of 18 Comparable Companies have lower PBR(s) than the PBR implied by the Share Offer Price;
- (v) both of the PBR and PSR implied by the Share Offer Price are close to the lowest end of the range of the PBR and PSR of the Comparable Companies, respectively; and
- (vi) the Share Offer Price represents a discount of approximately 86.29% to the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 September 2022, which is deeper than the discounts of average closing price to net asset value per Share attributable to Shareholders in any aforementioned period,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we consider that the terms of the Share Offer are not fair and not reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders not to accept the Share Offer.

### **The CB Offer**

Although the CB Offer Price was determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration, the Share Offer Price is considered to be unfair and unreasonable, we consider the CB Offer Price to be unfair and unreasonable.

In addition, in the event that the CB Holders do not exercise the conversion rights before the maturity date, the CB Holders are entitled to receive 100% principal of the unexercised Convertible Bonds together with any unpaid interest thereon on the maturity date (i.e. 10 August 2023), which exceeds the amount to be received upon the acceptance of the CB Offer.

Therefore, we are of the view that the CB Offer is not fair and not reasonable as far as the CB Holders are concerned. Accordingly, we recommend the CB Holders and the Independent Board Committee to advise the CB Holders not to accept the CB Offer.

**However, in view of (i) the declining revenue and consecutive loss-making performance of the Group over four financial years from 2018 to 2021 and the latest interim result for six months ended 30 September 2022, while the Group only made minimal profit for the financial year ended 31 March 2022 which was mainly contributed by the fair value gain of properties, it is uncertain as to whether the Group could make a turnaround in operating results to be profitability in the near future; (ii) the trading volume during the Review Period was thin such that disposal of large block of Shares may trigger price slump of the Shares; and (iii) the Group’s net current liabilities condition which indicated that a material uncertainty existed that may cast significant doubt on the Group’s ability to continue as a going concern, the Share Offer provides the Independent Shareholders with an assured exit at a fixed price if they wish to realise their investments in the Shares.**

**We would also like to draw the attention of those Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Share Offer. Should the market price of the Shares exceed the Share Offer Price during the period of the Share Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Share Offer, the Shareholders may wish to consider selling their Shares in the market instead of accepting the Share Offer.**

**In any case, the Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives.**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Independent Shareholders and CB Holders who wish to accept the Offers are also reminded to read carefully the procedures for accepting the Offers, details of which are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance, if they wish to accept the Offers.**

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Thomas Lai**  
*Chief Executive Officer*

*Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulatory activity under the SFO and has over 28 years of experience in corporate finance industry.*

**1. PROCEDURES FOR ACCEPTANCE****The Share Offer**

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the **WHITE** Form of Share Offer Acceptance which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “**Styland Holdings Limited – Share Offer**” on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
  - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**Styland Holdings Limited – Share Offer**” to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**Styland Holdings Limited – Share Offer**” to the Registrar by no later than 4:00 p.m. on the Closing Date; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered in an envelope marked “**Styland Holdings Limited – Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar in an envelope marked in an envelope marked “**Styland Holdings Limited – Share Offer**” together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Ever-Long Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar and the Company (together with any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) must be produced.

- (h) In Hong Kong, the seller's ad valorem stamp duty on acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Share Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (j) If the Share Offer does not become, or is not declared, unconditional as to acceptances on the Closing Date, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent Shareholders who have accepted the Share Offer by ordinary post at the Independent Shareholders' own risk as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

**The CB Offer**

- (a) If you accept the CB Offer and the certificate(s) of the Convertible Bonds and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) is/are in your name, you should complete the **BLUE** Form of Convertible Bonds Offer Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the Convertible Bonds held by you that you wish to tender to the CB Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the **BLUE** Form of Convertible Bonds Offer Acceptance which form part of the terms of the CB Offer.
- (b) The completed **BLUE** Form of Convertible Bonds Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Convertible Bonds and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) which you intend to accept the CB Offer, by post or by hand, to the Company at Room 1111, 11/F, Wing On Centre 111 Connaught Road Central, Sheung Wan, Hong Kong marked "**Styland Holdings Limited – Convertible Bonds Offer**" on the envelope, as soon as possible but in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.



- (c) No acknowledgement of receipt of any **BLUE** Form of Convertible Bonds Offer Acceptance and/or certificate(s) of the Convertible Bonds and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) will be given.
- (d) No stamp duty is payable in connection with the acceptances of the CB Offer.

**Return of documents**

If the Offers do not become, or are not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the Company (in the case of the CB Offer) will be returned to the Independent Shareholders and CB Holders who have accepted the Offers by ordinary post at the Independent Shareholders' and CB Holders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

**2. SETTLEMENT OF THE OFFERS****The Share Offer**

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer Shares less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of receipt by the Registrar of the duly completed and signed **WHITE** Form of Share Offer Acceptance and all relevant documents of title which render such acceptance under the Share Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code and (ii) the date the Share Offer becomes, or is declared, unconditional.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

### **The CB Offer**

Provided that a valid **BLUE** Form of Convertible Bonds Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required by the Company in respect thereof) are complete and in good order in all respects and have been received by the Company by 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the CB Holder(s) who accepts the CB Offer in respect of the Convertible Bonds tendered by it/him/her under the CB Offer will be despatched to such CB Holder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of receipt by the Company of the duly completed and signed **BLUE** Form of Convertible Bonds Offer Acceptance, and all the relevant documents to render the acceptance under the CB Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code and (ii) the date the Offers become, or are declared, unconditional.

Settlement of the consideration to which any accepting CB Holder is entitled under the CB Offer will be implemented in full in accordance with the terms of the CB Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting CB Holder.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

No fractions of a cent will be payable and the amount of cash consideration payable to a CB Holder who accepts the CB Offer will be rounded up to the nearest cent.

### **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **BLUE** Form of CB Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the CB Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive in accordance with the Takeovers Code.

- (b) Unless the Offers have previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Forms of Acceptance must be received by the Registrar or the Company (as the case may be) by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Forms of Acceptance. The Offers are conditional upon the Offeror having received valid acceptances in respect of the Share Offer which, together with the Shares already acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and any parties acting in concert with it holding more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offers become or are declared unconditional.
- (c) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the CB Holders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.
- (d) If the Offers are extended or revised, the Offeror and the Company will jointly issue an announcement in relation to such extension or revision of the Offers, which will state the next closing date or the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given, before the Offers are closed, to the Independent Shareholders and the CB Holders who have not accepted the Offers. The revised Offers will be kept open for at least fourteen (14) days following the date on which the revised Offer documents are posted.
- (e) If the Closing Date of the Offers are extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.
- (f) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholder(s) and CB Holder(s) who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "6. Right of withdrawal" of this Appendix below and duly do so.

**4. CONVERSION OF THE CONVERTIBLE BONDS**

CB Holders who wish to accept the Share Offer may (i) exercise his/her/its conversion right under the Convertible Bonds (to the extent exercisable) by completing, signing and delivering a notice for exercising such right and the related certificates for the Convertible Bonds to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the conversion right of the Convertible Bonds. Exercise of conversion right of the Convertible Bonds is subject to the respective terms and conditions attaching to the Convertible Bonds. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the conversion right of the Convertible Bonds but will only be deemed to be an irrevocable authority to the Offeror and/or Ever-long Securities and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on conversion of the Convertible Bonds as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the CB Holder fails to exercise his/her/its conversion right of the Convertible Bonds as aforesaid and in accordance with the respective terms and conditions of the Convertible Bonds, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the conversion right of the Convertible Bonds to such CB Holder in time for him/her/it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

**5. ANNOUNCEMENTS**

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired or have become or been declared unconditional. The announcement will state the following:
- (i) the total number of Shares and rights over Shares for which acceptance of the Share Offer have been received;
  - (ii) the total outstanding principal amount of Convertible Bonds and rights over the Convertible Bonds for which acceptance of the CB Offer have been received;
  - (iii) the total number of Shares, rights over Shares held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period;

- (iv) the total number of Shares, rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it;
  - (v) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or the parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
  - (vi) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares and principal amount of Convertible Bonds represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (as regards the Share Offer) or the Company (as regards the CB Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate. Any announcement in relation to the Offers will be published on the websites of the Stock Exchange at <https://www.hkexnews.hk> and the Company's investor website at <https://www.irasia.com/listco/hk/styland/>.

## **6. RIGHT OF WITHDRAWAL**

- (a) The Offers are conditional upon fulfilment of the condition set out in the "Letter from Ever-long Securities" in this Composite Document. Acceptance of the Offers tendered by Independent Shareholders and CB Holders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date if the Share Offer has not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar (in respect of the Share Offer) or the Company (in respect of the CB Offer).

- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “5. Announcements” above), the Executive may require that the Independent Shareholders and CB Holders who have tendered acceptances of the Offers be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when the Independent Shareholders and/or CB Holders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s), certificate(s) of the Convertible Bonds, and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required by the Company in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholder(s) (as relating to the Share Offer) and to the Company for collection by the CB Holder(s) (as relating to the CB Offer) at their own risks.
- (c) Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

## **7. STAMP DUTY**

Sellers’ Hong Kong ad valorem stamp duty payable by Independent Shareholders on acceptances of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers’ ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer’s Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the CB Offer.

## **8. OVERSEAS SHAREHOLDERS AND OVERSEAS CB HOLDERS**

The making of the Offers to Overseas Shareholders and Overseas CB Holders may be prohibited or affected by the applicable laws and/or regulations of the relevant jurisdictions. Overseas Shareholders and Overseas CB Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder and Overseas CB Holder who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder(s) and Overseas CB Holder(s) in respect of such jurisdiction.

The Offeror, parties acting in concert with the Offeror, the Company, the Independent Financial Adviser, Ever-Long Securities, Donvex Capital Limited, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas CB Holders for any taxes as such persons may be required to pay.

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

## **9. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders and CB Holders, those Independent Shareholders and/or CB Holders who hold Shares and/or Convertible Bonds as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Offer Shares and/or Convertible Bonds whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

## **10. TAXATION ADVICE**

Independent Shareholders and CB Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Ever-Long Securities, Donvex Capital Limited, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

## **11. GENERAL**

- (a) All communications, notices, Forms of Acceptance, Share certificate(s), certificate(s) of the Convertible bonds, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and CB Holders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, parties acting in concert with the Offeror, the Independent Financial Adviser, Ever-Long Securities, Donvex Capital Limited, the Registrar or any of their respective directors or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the **WHITE** Form of Share Offer Acceptance and **BLUE** Form of Convertible Bonds Offer Acceptance form part of the terms and conditions of the Share Offer and the CB Offer, respectively.
- (c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Forms of Acceptance will constitute an authority to the Offeror, Ever-Long Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Offer Shares and the Convertible Bonds in respect of which such person or persons has/have accepted the Offers.

By accepting the Offers, the Independent Shareholders and CB Holders will sell their Offer Shares or Convertible Bonds to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (c) together with all rights, benefits and entitlements attaching to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend or distribution which remain unpaid and the Company had no intention to make, declare or pay any future dividend/distribution before the close of the Offers. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offers Price (or any part thereof) payable to the Independent Shareholders and CB Holders under the Offers.

The Offers are made available to all Independent Shareholders and CB Holders, including those who are residents outside Hong Kong. The availability of the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the applicable laws or regulations of the relevant jurisdictions. The Overseas Shareholders and Overseas CB Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.



Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Share Offers and CB Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due from such persons in such jurisdictions.

Any acceptance by the Independent Shareholders, the CB Holders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders and CB Holders should consult their respective professional advisers if in doubt. Independent Shareholders and CB Holders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (f) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or the principal amount of the Convertible Bonds in respect of which as indicated in the Forms of Acceptance is the aggregate number of Shares or principal amount of Convertible Bonds held by such nominee for such beneficial owner who is accepting the Offers.
- (g) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (h) In making their decisions, the Independent Shareholders and CB Holders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, parties acting in concert with it, the Company, the Independent Financial Adviser, Ever-Long Securities, Donvex Capital Limited, the Registrar or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Independent Shareholders and CB Holders should consult their own professional advisers for professional advice.
- (i) The Offers are made in accordance with the Takeovers Code.
- (j) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 March 2020, 31 March 2021 and 31 March 2022, and the unaudited financial information of the Group for each of periods for the six months ended 30 September 2021 and 30 September 2022, as extracted from the annual reports of the Company for the year ended 31 March 2020 (the “**Annual Report 2020**”), 31 March 2021 (the “**Annual Report 2021**”), 31 March 2022 (the “**Annual Report 2022**”) and the interim report of the Company for the six months ended 30 September 2022 (the “**Interim Report 2022/23**”).

	For the year ended 31 March			For the six months ended 30 September	
	2020 HK\$'000 (Audited)	2021 HK\$'000 (Audited)	2022 HK\$'000 (Audited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Turnover</b>	207,293	213,256	190,278	131,106	136,054
<b>Revenue</b>	52,265	47,009	39,302	21,035	12,409
<b>(Loss)/Profit before income tax</b>	(64,021)	(38,895)	7,383	(26,180)	(24,790)
Income tax (expenses)/credit	(16)	–	6	–	–
<b>(Loss)/Profit and total comprehensive (expense)/ income for the year/period</b>	<u>(64,037)</u>	<u>(38,895)</u>	<u>7,389</u>	<u>(26,180)</u>	<u>(24,790)</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(66,661)	(38,895)	7,389	(26,180)	(24,790)
Non-controlling interests	2,624	–	–	–	–
	<u>(64,037)</u>	<u>(38,895)</u>	<u>7,389</u>	<u>(26,180)</u>	<u>(24,790)</u>
<b>(Loss)/Earnings per share</b>	(HK\$0.12) (note)	(HK\$0.06)	HK\$0.01	(HK\$0.037)	(HK\$0.035)

*Note:* the loss per share was restated as a result of the share consolidation of the Company which became effective on 28 September 2020.

The Board proposed an interim dividend of HK0.725 cent per Share for the six months ended 30 September 2020, which was paid on 28 January 2021. Other than that, no dividend has been declared nor paid by the Group for the three years ended 31 March 2020, 31 March 2021 and 31 March 2022 and each of the six months ended 30 September 2021 and 30 September 2022.

The Group recognized share-based payments of HK\$11,300,000 in its consolidated income statement for the year ended 31 March 2020 as a result of the granting of share options of the Company on 16 May 2019.

For the year ended 31 March 2022, the Group recorded a fair value gain of HK\$60,203,000 for its investment properties.

Save as disclosed above, the Group did not have any item of any income or expenses which was material for each of the three years ended 31 March 2020, 31 March 2021 and 31 March 2022 and each of the six months ended 30 September 2021 and 30 September 2022.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's reports issued by Grant Thornton Hong Kong Limited ("**Grant Thornton**") of the Group for the years ended 31 March 2020 and 2021.

For the year ended 31 March 2022, it was contained in Grant Thornton's report an opinion about the existence of a material uncertainty related to the Group's going concern in light of the Group's net current liabilities of approximately HK\$23,083,000 as at 31 March 2022, which is extracted from the Annual Report 2022 and reproduced as follows:

**"OPINION**

We have audited the consolidated financial statements of Styland Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 82 to 171 which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2.1 to the consolidated financial statements, which indicate that the Group had net current liabilities of approximately HK\$23,083,000 as at 31 March 2022. This condition, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

Save as disclosed herein, the Group had no exceptional items in terms of size, nature or incidence recorded in the financial statements of the Group for the three financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 and for each of the six months ended 30 September 2021 and 30 September 2022.

**2. CONSOLIDATED FINANCIAL STATEMENTS**

The Company is required to set out or refer to in this Composite Document of the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group, together with significant accounting policies and any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2022 are set out from page 4 to page 22 in the Interim Report 2022/23, which was published on 28 December 2022. The Interim Report 2022/23 is posted on the website of the Stock Exchange (<https://www.hkexnews.hk>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1228/2022122800374.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2022 are set out from page 82 to page 171 in the Annual Report 2022, which was published on 28 July 2022. The Annual Report 2022 is posted on the website of the Stock Exchange (<http://www.hkexnews.hk>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801340.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2021 are set out from page 79 to page 165 in the Annual Report 2021, which was published on 28 July 2021. The Annual Report 2021 is posted on the website of the Stock Exchange (<http://www.hkexnews.hk>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800595.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2020 are set out from page 71 to page 157 in the Annual Report 2020, which was published on 29 July 2020. The Annual Report 2020 is posted on the website of the Stock Exchange (<https://www.hkexnews.hk>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900348.pdf>

### 3. STATEMENT OF INDEBTEDNESS

At the close of business on 30 November 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	Secured	Unsecured	Total secured and unsecured	Guaranteed	Unguaranteed	Total guaranteed and unguaranteed
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount of bank and other loans	181,717	-	181,717	181,717	-	181,717
Principal amount of Convertible Bonds	-	23,000	23,000	-	23,000	23,000
Carrying amount of promissory note payables	-	20,000	20,000	20,000	-	20,000
Carrying amount of lease liabilities	8,363	-	8,363	-	8,363	8,363
	<u>190,080</u>	<u>43,000</u>	<u>233,080</u>	<u>201,717</u>	<u>31,363</u>	<u>233,080</u>

As at 30 November 2022, the Group's bank loans of approximately HK\$151,171,000 are secured by investment properties of the Group and rental proceeds in respect of the investment properties, and guaranteed by the Company.

As at 30 November 2022, the Group's bank loan of approximately HK\$4,556,000 is secured by an investment property of the Group, rental proceeds in respect of the investment property and an investment in a life insurance policy of the Group, and guaranteed by the Company.

As at 30 November 2022, the Group's other loan of approximately HK\$25,990,000 is secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loan receivables of the Group and jointly guaranteed by the Company and an entity within the Group.

As at 30 November 2022, all the Group's Convertible Bonds are unsecured and unguaranteed.

As at 30 November 2022, all the Group's promissory note payables are unsecured but guaranteed by the Company.

As at 30 November 2022, all the Group's lease liabilities are secured by rental deposits of the Group and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, as at the close of business on 30 November 2022, the Group did not have any debt securities authorized or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

#### **4. ASSESSMENT ON UNAUDITED NET ASSET VALUE**

The net book value of the properties of the Group as at 30 September 2022 was approximately HK\$487,056,000, where the valuation of the properties held by the Group as at 30 November 2022 was also HK\$487,056,000 as shown in the property valuation report dated 20 January 2023 prepared by Jones Lang LaSalle Limited, being the independent valuer to the Company, as set out in Appendix III to the Composite Document. Accordingly, there was no change in the market value of the properties of the Group from 30 September 2022 to 30 November 2022 and no adjustment is necessary in the assessment on the unaudited net asset value of the Group as at 30 September 2022.

Full text of the property valuation report issued by Jones Lang LaSalle Limited, being the independent valuer to the Company, in respect of the valuation of the property interests held by the Group is set out in Appendix III to the Composite Document.

**5. MATERIAL CHANGES**

Save as and except for the below:

- (i) As disclosed in the Interim Report 2022/23, the balance of unaudited net current liabilities of the Group has increased from HK\$23,083,000 as at 31 March 2022 to HK\$60,959,000 as at 30 September 2022, which was mainly attributable to the loss recorded for the current interim period and the effect resulting from the classification of the Convertible Bonds as current liabilities as at 30 September 2022 while they were long term liabilities as at 31 March 2022; and
- (ii) As disclosed in the Interim Report 2022/23, the revenue of the Group decreased by approximately HK\$8,626,000 from approximately HK\$21,035,000 for the six months ended 30 September 2021 to approximately HK\$12,409,000 for the six months ended 30 September 2022, which was mainly attributable to the surrounding pessimistic market sentiment arising from the interest rate hike and the global economy uncertainties during the six months ended 30 September 2022,

the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2022, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.



*The following is the text of a letter and a valuation report prepared for the purpose of incorporation in this Composite Document received from Jones Lang LaSalle Limited, an independent property valuer, in connection with its opinion of the value of the properties as at 30 November 2022.*

20 January 2023

**Styland Holdings Limited (Stock Code: 211) (The “Company”)**

Room 1111, 11/F,  
Wing On Centre,  
111 Connaught Road Central,  
Sheung Wan,  
Hong Kong

Attn: Board of Directors

Dear Sir and Madam,

**RE: Item 1) House 4, Customs Pass, No. 18 Fei Ngo Shan Road, Sai Kung, New Territories, Hong Kong.**

**Item 2) House A (including the external walls and carport on the G/F thereof), Ocean View Lodge, Lot No. 524 in D.D. 238, Sai Kung, New Territories, Hong Kong.**

**1. Introduction**

In accordance with the instructions of **Styland Holdings Limited (the “Company”)** and/or its subsidiaries (collectively the “**Group**”) for Jones Lang LaSalle Limited (“**JLL**”) to provide our opinion of market value of the property interest located at **Item 1) House 4, Customs Pass, No. 18 Fei Ngo Shan Road, Sai Kung, New Territories, Hong Kong; Item 2) House A (including the external walls and carport on the G/F thereof), Ocean View Lodge, Lot No. 524 in D.D. 238, Sai Kung, New Territories, Hong Kong (“the Properties”)** owned by the Group for the purpose of public disclosure in relation to the Offers. Capitalised terms used in this report shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We confirm that we have carried out an external inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties **as at 30 November 2022 (“the Valuation Date”)**.



## 2. Basis of Valuation

Unless otherwise stated, our valuations have been prepared in accordance with “HKIS Valuation Standards 2020 Edition” published by The Hong Kong Institute of Surveyors (“**HKIS**”), the “International Valuation Standards Effective 31 January 2020” published by the International Valuation Standards Council (“**IVSC**”) and the “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors (“**RICS**”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, Rule 11 of the Takeovers Code and The HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors.

### 2.1 Market Value

Our valuations of the property interest are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

Our valuations have been made on the assumption that the owner sells the Properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect their values.

### 2.2 Valuation Method

In the course of our valuations, we have adopted the Sales Comparison Method.

The Sales Comparison Method is the most widely used method of valuation and is based on comparing the property to be valued directly with other comparable properties which have recently transacted. However, because of the heterogeneous nature of real estate properties, appropriate adjustments such as location, time, user, size, layout etc. are usually required to allow for any qualitative and quantitative differences that may affect the value likely to be achieved by the property under consideration.

As instructed, the Properties have been valued in their existing state and on an immediate vacant possession basis. No account has been taken of any additional value attributable to the Properties due to their redevelopment potential.

### **3. Valuation Assumptions**

Our valuations have been made on the assumption that the owner sells the Properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect their values.

### **4. Building Insurance Replacement Cost**

In assessing the Building Insurance Replacement Cost (for building insurance purposes), we have regard to relevant Building Cost Indices prepared by reputable Quantity Surveyors. We allow for estimated demolition costs, consultants' professional fees, finance costs but exclude foundation costs. We stress that the figure is based on the estimated cost of work as at the date of the report and no allowance is made for further inflation of building costs. In case of doubt, it is also recommended to engage a professional quantity surveyor who is competent and experienced in the relevant matters to provide an accurate replacement cost.

### **5. Source of Information**

We have obtained relevant information from the Land Registry and accepted advice given to us on matters including particulars of occupancy and all other relevant matters. We have assumed that all information provided to us is correct. However, should it be established subsequently that the details relating to the property interest are incorrect we reserve the right to adjust the value reported herein.

We have relied on the registered floor plan of the subject development for the floor area of the Properties. We have not carried out on-site measurements of the Properties to verify the correctness of the floor area of the Properties. The dimensions, measurements and areas include in the report are based on information contained in copies of documents available to us and are therefore only approximations for reference purposes.

### **6. Measurement**

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practice, we declare our departure from the "RICS property measurement" published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Company, the potential tax liabilities which may arise from the sale of the real properties include:

- Profits tax at 8.25% on assessable profits up to HK\$2,000,000; and 16.5% on any part of assessable profits over HK\$2,000,000; and
- Stamp duty (of which both the seller and the buyer are jointly and severally liable) for the real properties in Hong Kong; is as follows:

<b>Amount or value of the consideration or value of the property (whichever is the higher)</b>		
<b>Exceeds</b>	<b>Does not exceed</b>	<b>Rates</b>
	\$2,000,000	\$100
\$2,000,000	\$2,351,760	\$100 + 10% of excess over \$2,000,000
\$2,351,760	\$3,000,000	1.5%
\$3,000,000	\$3,290,320	\$45,000 + 10% of excess over \$3,000,000
\$3,290,320	\$4,000,000	2.25%
\$4,000,000	\$4,428,570	\$90,000 + 10% of excess over \$4,000,000
\$4,428,570	\$6,000,000	3%
\$6,000,000	\$6,720,000	\$180,000 + 10% of excess over \$6,000,000
\$6,720,000	\$20,000,000	3.75%
\$20,000,000	\$21,739,120	\$750,000 + 10% of excess over \$20,000,000
\$21,739,120		4.25%

As advised by the Company, the likelihood of any potential tax liabilities for the Properties being crystallized is remote as the Group has no intention to sell the Properties.

**7. Title Investigation**

We have not been provided with copies of the title documents relating to the Properties but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. We have not seen original planning consents and have assumed that the Properties have been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

**8. Property Inspection**

As an internal inspection was not available to us, we have carried out an external inspection of the Properties on 9 January 2023. The inspections were conducted by Ms. Ginny Wan, Valuer of Valuation Advisory Services of Jones Lang LaSalle Limited. We have not conducted formal site and structural surveys and, as such we cannot report that the Properties is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Properties which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We do not express an opinion about or advise upon the condition of the parts we had not inspected and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within the Properties.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Properties, or has since been incorporated, and we are therefore unable to report that the Properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

**9. Plant and Machinery**

Our valuation normally includes all plant and machinery that form part of the building services installations. However, plant, machinery and equipment, which may have been installed wholly in connection with the occupier's industrial and commercial uses, together with furniture and furnishings, tenant's fixtures and fittings, are excluded in our valuation.

**10. Valuer**

This valuation report was prepared by Mr. Cliff Tse, FHKIS, FRICS & RPS(GP) and Senior Director, assisted by Mr. Raymond Wong, Senior Director and Ms. Ginny Wan, Valuer of the department. Mr. Cliff Tse is a qualified general practice surveyor and has over 30 years of experience in the valuation of properties in Hong Kong. We confirm that Mr. Cliff Tse is a Registered Professional Surveyor (General Practice) who had over 30 years' experience in valuation of properties in Hong Kong. Mr. Cliff Tse is competent and has sufficient current knowledge of the market and the skills to provide an objective and unbiased valuation.

**11. Valuation Certificate**

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that these certificates are for the use only of the Company and no responsibility is accepted to any third party for the whole or any part of their contents.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,

For and on behalf of

**Jones Lang LaSalle Limited**

Cliff Tse FHKIS, FRICS, RPS(GP)

Senior Director

*Licence No. E-145551*

## SUMMARY OF VALUATION

## Property Interests in Hong Kong

Market Value as at

30 November 2022

(HK\$)

1	House 4, Customs Pass, No. 18 Fei Ngo Shan Road, Sai Kung, New Territories, Hong Kong.	\$446,056,000 (HONG KONG DOLLARS FOUR HUNDRED AND FORTY-SIX MILLION AND FIFTY-SIX THOUSAND)
2	House A (including the External Walls and Carport on the G/F thereof) Ocean View Lodge, Lot No. 524 in D.D. 238, Sai Kung, New Territories, Hong Kong.	\$41,000,000 (HONG KONG DOLLARS FORTY-ONE MILLION)
	<b>Total for the Properties:</b>	<b>\$487,056,000 (HONG KONG DOLLARS FOUR HUNDRED EIGHTY- SEVEN MILLION AND FIFTY-SIX THOUSAND)</b>

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value as at 30 November 2022
<p>House 4, Customs Pass, No. 18 Fei Ngo Shan Road, Sai Kung, New Territories, Hong Kong.</p> <p>1/12 equal and undivided shares of and in Lot No. 31 in D.D. 228.</p>	<p>According to the approved building plans dated 27 November 2014 prepared by Prudential Surveyors International Limited, the approximate site area (not carved out from the master lot) on which the house erected is 16,584 ft<sup>2</sup> (1,540.73 m<sup>2</sup>) or thereabout. The subject site comprises a 2-storey garden house with a total gross floor area of about 6,510 ft<sup>2</sup> (604.7 m<sup>2</sup>).</p>	<p>Vacant possession as per the information provided by your company.</p>	<p>HK\$446,056,000 (HONG KONG DOLLARS FOUR HUNDRED AND FORTY-SIX MILLION AND FIFTY-SIX THOUSAND)</p>
	<p>As scaled from the approved building plan, the saleable area of the house is 5,785 ft<sup>2</sup> (537.4 m<sup>2</sup>) with 12,529 ft<sup>2</sup> (1,164 m<sup>2</sup>) garden area and 269 ft<sup>2</sup> (25 m<sup>2</sup>) carport area.</p>		
	<p>The property is held under New Grant No. 5761 for a term of 99 years from 1st July 1898 and being extended until 30th June 2047.</p>		

## VALUATION CERTIFICATE

*Notes:*

- 1) The registered owner of the property is Devonia Development Limited vide Memorial No. SK206815 dated 7 November 1989.
- 2) The property is subject to the following encumbrances:
  - i) Certificate of Compliance vide Memorial No. SK133599 dated 14 October 1988.
  - ii) Deed of Mutual Covenant and Management Agreement vide Memorial No. SK135152 dated 30 November 1988.
  - iii) Legal Charge in favour of OCBC Wing Hang Bank Limited vide Memorial No. 20012001820058 dated 2 January 2020.
  - iv) Deed of Assignment of Rental Income in favour of OCBC Wing Hang Bank Limited vide Memorial No. 20012101930016 dated 2 January 2020.
- 3) We were provided to understand that Devonia Development Limited is wholly owned by the Company.
- 4) The occupation permit for the proposed development has been issued by the Building Authority of Hong Kong vide Permit No. NT 30/2019 (OP) dated 17 April 2019.
- 5) The Financial Secretary announced on 26 October 2012 a new set of measures to try to cool down the property market. And the Stamp Duty (Amendment) Ordinance 2014 was gazetted earlier this year with regard to adjustment of the duty rates and the extension of the Special Stamp Duty (SSD) (first introduced in November 2010) for disposal of residential properties to a three years' period. The applicable adjusted SSD rates have 3 levels of regressive rates from 20% if the property has been held for less than 6 months, 15% if the property has been held for more than 6 months but less than 12 months; and 10% if the property has been held for more than 12 months but for 36 months or less. The rates levy on the transacted value or the market value of the property (whichever is higher) for different periods of disposal. The SSD would be on top of the current ad valorem property transaction stamp duty. And that the payment arrangement for the SSD between the vendor and buyer of relevant property would be negotiated between the parties. There is also a Buyer's Stamp Duty (BSD) on residential properties acquired by any person (buyer or transferee) except a Hong Kong permanent resident, and the BSD is charged at a flat rate of 15% for all residential properties, on top of the existing stamp duty and SSD, if applicable. In the course of our valuation, we have assumed that such liability of SSD would be borne by the vendor.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value as at 30 November 2022
<p>A 3-storey semi-detached garden house of Ocean View Lodge, Lot No. 524 in DD 238, No. 28 Hang Hau Wing Lung Road, Sai Kung, New Territories, Hong Kong.</p> <p>24/200 equal and undivided shares of and in Lot No. 524 in D.D. 238.</p>	<p>The property comprises a 3-storey semi-detached garden house of Ocean View Lodge which was completed in 1981.</p> <p>According to sales brochure, the property has a total gross area of approximately 2,380 ft<sup>2</sup> (221.11 m<sup>2</sup>) with 700 ft<sup>2</sup> (65.03 m<sup>2</sup>) garden area and 620 ft<sup>2</sup> (57.60 m<sup>2</sup>) roof area.</p> <p>The property has a saleable area of approximately 1,650 ft<sup>2</sup> (153.29 m<sup>2</sup>). The garden area is about 700 ft<sup>2</sup> and the roof area is about 620 ft<sup>2</sup>.</p> <p>The property is held under New Grant No. 6018 for a term of 99 years from 1 July 1898 and had been extended until 30 June 2047.</p>	<p>Vacant possession as per the information provided by your company.</p>	<p>HK\$41,000,000 (HONG KONG DOLLARS FORTY-ONE MILLION)</p>

## VALUATION CERTIFICATE

*Notes:*

- 1) The registered owner of the property is Hoowin Limited, which is wholly owned by the Company, vide Memorial No. 10110501160097 dated 15th October 2010.
- 2) The property is subject to the following encumbrances:
  - v) Letter of Compliance vide Memorial No. SK119981 dated 4 August 1981.
  - vi) Deed of Mutual Covenant and Management Agreement vide Memorial No. SK581239 dated 21 November 2003.
  - vii) Rent Assignment in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 14061201390018 dated 19 May 2014.
  - viii) Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 14061201390023 dated 19 May 2014.
- 3) The Financial Secretary announced on 26 October 2012 a new set of measures to try to cool down the property market. And the Stamp Duty (Amendment) Ordinance 2014 was gazetted earlier this year with regard to adjustment of the duty rates and the extension of the Special Stamp Duty (SSD) (first introduced in November 2010) for disposal of residential properties to a three years' period. The applicable adjusted SSD rates have 3 levels of regressive rates from 20% if the property has been held for less than 6 months, 15% if the property has been held for more than 6 months but less than 12 months; and 10% if the property has been held for more than 12 months but for 36 months or less. The rates levy on the transacted value or the market value of the property (whichever is higher) for different periods of disposal. The SSD would be on top of the current ad valorem property transaction stamp duty. And that the payment arrangement for the SSD between the vendor and buyer of relevant property would be negotiated between the parties. There is also a Buyer's Stamp Duty (BSD) on residential properties acquired by any person (buyer or transferee) except a Hong Kong permanent resident, and the BSD is charged at a flat rate of 15% for all residential properties, on top of the existing stamp duty and SSD, if applicable. In the course of our valuation, we have assumed that such liability of SSD would be borne by the vendor.

**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION  
AND CONDITIONS THAT APPLY TO AND FORM PART  
OF  
HONG KONG VALUATIONS AND REPORTS**

This document sets out the terms of engagement for our valuation services. They apply unless we have specifically mentioned otherwise in the service agreement or in the body of the Reports. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate. Any variations to these terms of engagement must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

**1. Valuation Methodology**

All work is carried out in accordance with the “HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (“**HKIS**”), the “International Valuation Standards 2017” published by the International Valuation Standards Council (“**IVSC**”) and the “RICS Valuation – Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“**RICS**”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

**2. Valuation Basis**

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

### **3. Costs**

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

### **4. Source of Information**

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

### **5. Assumptions**

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

- (a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
- (b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
- (c) no major environmental factor (including contamination) affects the property,
- (d) no deficiencies in the structural integrity of the property and other improvements,
- (e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
- (f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
- (g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,

- (h) no material litigation pending relating to the property,
- (i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
- (j) no deleterious materials (including by way of example asbestos and calcium chloride),
- (k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

#### **6. Tenants**

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

#### **7. Measurements**

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the Registered Floor Plans if available.

#### **8. Jurisdiction**

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

## 1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders and the CB Holders with regard to the Group and the Offers.

As at the Latest Practicable Date, the Board comprised two executive Directors, namely Mr. Cheung Hoo Win and Mr. Ng Yiu Chuen, and three independent non-executive Directors, namely 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 Composite Document (other than the information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.1 each as at the Latest Practicable Date were as follows:

<i>Authorised</i>	<i>HK\$</i>
20,000,000,000 Shares	2,000,000,000
<i>Issued</i>	
709,315,013 Shares	70,931,501.3

All the Shares currently in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the outstanding Convertible Bonds had a principal amount of HK\$23,000,000 conferring rights to CB Holders to convert into 104,545,454 Conversion Shares. Save for the Shares and Convertible Bonds, the Company has no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

As at the Latest Practicable Date, no new Shares had been issued by the Company since 31 March 2022 (being the date to which its latest published audited financial statements were made up).

### 3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (1) the last business day of each of the calendar months during the Relevant Period, (2) the last trading day immediately prior to the commencement of the Offer Period, (3) the Last Trading Day, and (4) the Latest Practicable Date:

<b>Date</b>	<b>Closing price of each Share (HK\$)</b>
28 February 2022	0.275
31 March 2022	0.290
29 April 2022	0.210
31 May 2022	0.128
30 June 2022	0.114
8 July 2022 (the last trading day immediately prior to the commencement of the Offer Period)	0.088
31 July 2022	Suspended ( <i>Note</i> )
31 August 2022	0.087
30 September 2022	0.061
31 October 2022	0.067
30 November 2022	0.064
15 December 2022 (Last Trading Day)	0.068
30 December 2022	0.075
17 January 2023 (Latest Practicable Date)	0.074

*Note: Trading of the Shares was suspended from 11 July 2022 to 4 August 2022 pending the release of the Rule 3.7 Joint Announcement.*

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.305 per Share (on 10 February 2022) and HK\$0.055 per Share (on 3 November 2022), respectively.

#### 4. DISCLOSURE OF INTERESTS

##### (a) Interests and short positions of the Directors and chief executive in the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions 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) (i) which were required 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) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code.

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested (Note 1)	Percentage of shareholding
Mr. Cheung Hoo Win	Interest of controlled corporation (Note 2)	187,036,982 (L)	26.37%

*Notes:*

1. The letter "L" denotes long position in the Shares.
2. The Offeror is beneficially owned by Mr. Cheung Hoo Win as to approximately 33.33%. By virtue of the SFO, Mr. Cheung Hoo Win is deemed to be interested in the Shares held by the Offeror.



**(b) Interests and short positions of substantial Shareholders in the Company**

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange:

<b>Name of substantial Shareholders</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held/ interested (Note 1)</b>	<b>Percentage of shareholding</b>
The Offeror	Beneficial owner	187,036,982 (L)	26.37%
Ms. Cheung Lok Chi	Interest of controlled corporation (Note 2)	187,036,982 (L)	26.37%
Mr. Cheung Hoo Yin	Interest of controlled corporation (Note 2)	187,036,982 (L)	26.37%
	Beneficial owner	<u>38,816,381 (L)</u>	<u>5.47%</u>
	<b>Sub-total</b>	<u><u>225,853,363 (L)</u></u>	<u><u>31.84%</u></u>

*Notes:*

- The letter "L" denotes long position in the Shares.
- The Offeror is beneficially owned by Mr. Cheung Hoo Win, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin equally as to approximately 33.33% each. By virtue of the SFO, Mr. Cheung Hoo Win, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin are deemed to be interested in the Shares held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company.

## 5. SHAREHOLDING AND DEALINGS IN THE OFFEROR

As at the Latest Practicable Date, save for Mr. Cheung Hoo Win, the chief executive officer of the Company and the executive Director, none of the Company nor any of its Directors have any interest in the relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) (the “**Relevant Securities**”) of the Offeror, and other than the fact that the Offeror was incorporated on 29 September 2022 and is owned as to approximately 33.33% by Mr. Cheung Hoo Win, no such person (including the Company) had dealt in the Relevant Securities of the Offeror during the Relevant Period.

## 6. DEALING IN SECURITIES OF THE COMPANY

- (a) during the Relevant Period, save for the Equity Transfer, the Directors did not have any dealing in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) during the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of the Company or the pension funds of the Company or any member of the Group or any persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) had owned or controlled, or had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (c) during the Offer Period and up to the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no person who had such an arrangement had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (d) during the Offer Period and up to the Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (e) as at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (f) as at the Latest Practicable Date, save for Mr. Cheung Hoo Win who is a person acting in concert with the Offeror, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers; and
- (g) as at the Latest Practicable Date, there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

**7. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date:

- (a) no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (c) save for the Equity Transfer, no material contracts had been entered into by the Offeror or any party acting in concert with it in which any Directors had any a material personal interest.

**8. LITIGATION**

As at the Latest Practicable Date, none of the Company or its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

**9. MATERIAL CONTRACTS**

No material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group, were entered into by any member of the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date.

**10. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who had been engaged by the Company and who have given opinions or advice which are contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Messis Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Limited	An independent property valuer

The above experts have given and have not withdrawn their written consents to the issue of this Composite Document with the inclusion of the text of their letters, reports, recommendations, opinion, and/or references to their names in the form and context in which they appear.

As at the Latest Practicable Date, the above experts did not have any interests, either direct or indirect, 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 members of the Group since 31 March 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, the above experts did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

**11. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, save as disclosed below, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which: (a) had been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period; (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

<b>Director</b>	<b>Date of service contract</b>	<b>Expiry date of service contract</b>	<b>Emolument</b>	<b>Variable remuneration</b>
Mr. Li Hancheng	5 December 2022	4 December 2024	HK\$150,000 per annum	–
Mr. Lo Tsz Fung Philip	6 April 2021	5 April 2023	HK\$150,000 per annum	–
Ms. Ling Sui Ngor	31 December 2021	30 December 2023	HK\$150,000 per annum	–

**12. GENERAL**

- (a) As at the Latest Practicable Date, the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (b) As at the Latest Practicable Date, the principal place of business of the Company in Hong Kong is at Room 1111, 11/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.
- (c) As at the Latest Practicable Date, the share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) As at the Latest Practicable Date, the registered office of the Independent Financial Adviser is at Room 1001, 10/F, OfficePlus@WanChai, No. 303 Hennessy Road, Wan Chai, Hong Kong.
- (e) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on display (i) on the website of the SFC at <https://www.sfc.hk>; (ii) on the investor website of the Company at <https://www.irasia.com/listco/hk/styland/>; and (iii) at the office of the Company at Room 1111, 11/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong, during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday, except public holidays, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 March 2020, 2021 and 2022;
- (c) the interim report of the Company for the six months ended 30 September 2022;
- (d) the letter from the Board, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (g) the valuation report prepared by Jones Lang LaSalle Limited, the text of which is set out in Appendix III of this Composite Document;
- (h) the written consents referred to in the paragraph headed “10. Experts and Consents” in this Appendix;
- (i) the Directors’ service contracts referred to in the paragraph headed “11. Directors’ Service Contracts” in this Appendix; and
- (j) this Composite Document and the accompanying Forms of Acceptance

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders and the CB Holders with regards to the Group and the Offers.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

<b>Name of Offeror/parties acting in concert with it</b>	<b>Capacity</b>	<b>Number of Shares held/ interested</b>	<b>Approximate % of interest</b>
The Offeror ( <i>Note</i> )	Beneficial owner	187,036,982	26.37
Mr. Cheung Hoo Yin ( <i>Note</i> )	Beneficial owner	38,816,381	5.47
	Interest in controlled corporation	187,036,982	26.37

*Note:* As at the Latest Practicable Date, the Offeror is owned as to approximately 33.33% by Mr. Cheung Hoo Win, approximately 33.33% by Ms. Cheung Lok Chi and approximately 33.33% by Mr. Cheung Hoo Yin. The directors of the Offeror are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi, and Mr. Cheung Hoo Yin. As a result, Mr. Cheung Hoo Win, Ms. Cheung Lok Chi, and Mr. Cheung Hoo Yin are deemed to be interested in the Shares held by the Offeror under the SFO. On the other hand, Mr. Cheung Hoo Yin personally holds 38,816,381 Shares.

## 3. DEALINGS OF SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period, save for the dealings in the Shares by Ever-Long Securities which are conducted in the normal course of business for and on behalf of its non-discretionary clients, and save for the Acquisitions and Equity Transfer, the Offeror and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares.

**4. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFERS**

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for 225,853,363 Shares (representing approximately 31.84% of the entire issued share capital of the Company as at the Latest Practicable Date) held by the Offeror and the parties acting in concert with it, the Offeror and the parties acting in concert with it do not own, hold, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) neither the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offers or to reject the Offers;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or any person acting in concert with it;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (v) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent;
- (vii) apart from the consideration for the Acquired Shares, there is no consideration, compensation or benefits in whatever form provided by the Offeror or parties acting in concert with it to the Vendors and parties acting in concert with any of them in respect of the Acquisitions;
- (viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Vendors, the Equity Transferors and any parties acting in concert with any of them on the other hand;
- (ix) there is no understanding, arrangement, agreement which constitute special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand; and the Offeror and any party acting in concert with it on the other hand;

- (x) there is no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other person; and
- (xi) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent directors of the Company, the Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers.

## 5. QUALIFICATIONS AND CONSENTS OF EXPERTS

In addition to the experts listed in paragraph 10 of Appendix IV “General Information of the Group” to this Composite Document, the following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Donvex Capital Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers
Ever-long Securities	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 under the SFO, being the offer agent to the Offeror

The above experts have given and have not withdrawn their written consents to the issue of this Composite Document with the inclusion of the text of their letters, advice and/or references to their names, in the form and context in which they appear herein.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group (except for Ever-Long Securities itself is a wholly-owned subsidiary of the Group) or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.



**6. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, the Offeror is owned as to approximately 33.33% by Mr. Cheung Hoo Win, approximately 33.33% by Ms. Cheung Lok Chi and approximately 33.33% by Mr. Cheung Hoo Yin. The directors of the Offeror are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi, and Mr. Cheung Hoo Yin.
- (ii) The registered office of the Offeror is situated at Room 1305B, Kai Tak Commercial Building, 317 Des Voeux Road Central, Hong Kong.
- (iii) Ever-long Securities is the offer agent making the Offers for and on behalf of the Offeror and its registered office is Rooms 1101-1102 & 1111-1112, 11/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.
- (iv) Donvex Capital Limited is the financial adviser to the Offeror and its registered office is situated at Units 2501-2502, 25/F, Carpo Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong.
- (v) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts.

**7. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on display (i) on the website of the SFC at <https://www.sfc.hk>; (ii) on the investor website of the Company at <https://www.irasia.com/listco/hk/styland/>; and (iii) at the office of the Company at Room 1111, 11/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong, during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday, except public holidays, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Ever-long Securities, the text of which is set out in this Composite Document;
- (c) the written consents as referred to in the paragraph headed “5. Qualifications and consents of experts” in this Appendix V “General information of the Offeror”; and
- (d) this Composite Document and the accompanying Forms of Acceptance.