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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

MAJOR TRANSACTION DISPOSAL OF ENTIRE EQUITY INTERESTS OF A SUBSIDIARY

THE PROVISIONAL AGREEMENT

On 3 April 2023 (after trading hours), the Vendor as vendor, the Guarantor as guarantor and the Purchaser as purchaser entered into the conditional Provisional Agreement in relation to the Disposal for a consideration of HK\$30,000,000 in cash.

The main asset of the Target Company is the Property.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 25% but below 75%, the Disposal constitutes a major transaction for the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal and the transactions contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company has obtained written approval for the Provisional Agreement, the Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Kenvonia Family Limited, which is the beneficial owner of 389,799,559 Shares, representing approximately 54.95% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and therefore, none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Provisional Agreement, the Disposal and the transactions contemplated thereunder. As such, no general meeting will be convened for the approval of the Provisional Agreement, the Disposal and the transactions contemplated thereunder as is permitted under Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and (ii) other information required to be included in the circular under the requirements of the Listing Rules shall be despatched to the Shareholders within fifteen (15) business days after the publication of this Announcement. As additional time is required for the Company to prepare and finalise certain information including the financial information and other information of the Group for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of the delay in despatch of the circular, which is expected to be despatched on or before 31 May 2023.

Completion of the Disposal is subject to the satisfaction and/or waiver of the conditions precedent under the Provisional Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On 3 April 2023 (after trading hours), the Vendor as vendor, the Guarantor as guarantor and the Purchaser as purchaser entered into the conditional Provisional Agreement in relation to the Disposal for a consideration of HK\$30,000,000 in cash.

THE PROVISIONAL AGREEMENT

Date: 3 April 2023 (after trading hours)

Parties:

- (1) the Vendor;
- (2) the Purchaser; and
- (3) the Guarantor

The Purchaser is an individual and a citizen of Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

ASSETS TO BE DISPOSED OF

Pursuant to the Provisional Agreement, the Vendor has conditionally agreed to dispose of and the Purchaser has conditionally agreed to acquire the Sale Share, which represents the entire issued share capital of the Target Company, and the Sale Loan, being all such sum of money advanced by way of loan by the Vendor to the Target Company and due and owing by the Target Company to the Vendor as at Completion.

CONSIDERATION

The consideration for the Disposal is HK\$30,000,000 (the "**Purchase Price**"), which shall be satisfied by the Purchaser to the Vendor in cash in the following manners:

- (a) an initial deposit of HK\$1,500,000 shall be paid upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$1,500,000 shall be paid within 14 days upon signing of the Provisional Agreement; and
- (c) balance of the Purchase Price (i.e. HK\$27,000,000) shall be paid on Completion.

All deposits payable by the Purchaser shall be paid to the Vendor's solicitor as stakeholders who shall not release the same to the Vendor save in accordance with the followings:

- (1) the Vendor's solicitors have first produced written evidence and confirmed to the Purchaser that the balance of the Purchase Price is sufficient to duly discharge the existing mortgage and all other incumbrances and indebtedness over the Property and the Target Company (other than the Sale Loan) and duly fulfilled and performed all undertakings and warranties as set out in the Provisional Agreement; and
- (2) then, within 10 working days after supplying to the Purchaser the title deeds (plus a certificate of incumbency of the Vendor) and a certified true copy of the relevant resolutions of the Vendor and the Guarantor and the audited accounts and management accounts of the Target Company certified as true and fair in accordance with the Provisional Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Provisional Agreement after taking into consideration of various factors, in particular, the value of the Property and the financial position of the Target Company.

After taking into consideration of various factors, the Directors consider the consideration for the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

CONDITIONS

Completion is conditional upon the following:

- (a) the Purchaser having completed his due diligence investigation on the business, financial, legal and all other aspects of the Target Company and satisfied with the results thereof;
- (b) the Vendor, shall at the Vendor's own cost, procure the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong);
- (c) the Company having obtained its Shareholders' approval at its special general meeting to approve the Disposal, the Provisional Agreement and the transactions contemplated thereunder pursuant to the Listing Rules, or obtained the written Shareholders' approval in lieu of a special general meeting of the Company pursuant to Rule 14.44 of the Listing Rules; and

- (d) all the representations, undertakings and warranties given by the Vendor under the Provisional Agreement and the Formal Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion.

If any of the foregoing conditions is not fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser and/or the Vendor shall, without prejudice to other rights and remedies available to the Purchaser and/or the Vendor under the Provisional Agreement and/or under the applicable laws and regulations, be entitled to cancel the transaction under the Provisional Agreement whereupon the Vendor/the Vendor's solicitors shall return all the deposits paid to the Purchaser forthwith without interest, and thereafter neither party shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms thereof.

Notwithstanding the above, the Vendor (i) is not entitled to rely on condition (d) above to cancel the transaction; and (ii) shall use all reasonable efforts to procure the Shareholder's approval to be obtained as soon as practicable, and shall keep the Purchaser's solicitors informed of the progress of the same on a monthly basis and once the Shareholder's approval have been duly granted.

FORMAL AGREEMENT

The Vendor and the Purchaser shall negotiate in good faith and use all their reasonable endeavours to enter into the Formal Agreement on or before the date falling one (1) month after the date of the Provisional Agreement. The Formal Agreement shall incorporate the terms and conditions in the Provisional Agreement and the customary terms, conditions, warranties, representations, promises and indemnities to be agreed between the Vendor and the Purchaser in good faith. In the event that the Vendor and the Purchaser shall fail to reach an agreement on the terms of the Formal Agreement on or before the aforesaid date, the Provisional Agreement shall remain valid and in full force and effect and the parties thereto shall continue to fulfill their respective obligations thereunder.

GUARANTEE

The Guarantor has guaranteed to the Purchaser, among others, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in the Provisional Agreement on the part of the Vendor.

COMPLETION

Completion of the Provisional Agreement is expected to take place on or before 30 June 2023.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interests in the Target Company.

DEFAULT

Subject to the Completion, should the Purchaser fail to complete the purchase in accordance with the terms of the Provisional Agreement after fulfillment of all conditions precedent, the Vendor shall be entitled to forfeit the deposits paid absolutely as liquidated damages and terminate the Provisional Agreement and then sell the Sale Share and the Sale Loan to anyone it thinks fit (but without prejudice to other rights and remedies available to the Vendor under the Provisional Agreement and/or under the laws).

Subject to the Completion, should the Vendor after receiving the deposits paid thereunder fail to complete the sale in accordance with the terms of the Provisional Agreement after fulfillment of all conditions precedent, the Vendor shall immediately refund the deposits paid to the Purchaser (but without prejudice to other rights and remedies available to the Purchaser under the Provisional Agreement and/or under the laws).

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The Target Company is an indirect wholly owned subsidiary of the Company.

The Target Company is the registered and beneficial owner of the Property and the Property is the main asset of the Target Company.

Based on the unaudited management accounts of the Target Company, it is estimated that upon Completion, the Group will record a loss of approximately HK\$12 million (after deducting expenses related to the Disposal), which is calculated with reference to the consideration for the Disposal, the Sale Loan, the unaudited net assets value of the Target Company, and the relevant bank loan to be repaid as at Completion.

The aforesaid estimation is for illustrative purpose only and does not purport to represent the financial position of the Group after Completion. The actual financial effects of the Disposal will be determined with reference to the financial status of the Target Company as at the Completion Date.

Set out below is the audited financial information of the Target Company for the years ended 31 March 2021 and 2022 which was prepared in accordance with generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2021	For the year ended 31 March 2022
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(audited)</i>	<i>(audited)</i>
	<i>(approximate)</i>	<i>(approximate)</i>
Turnover	–	–
Profit before taxation	266	288
Profit after taxation	266	288

The unaudited net assets value of the Target Company was approximately HK\$9,173,000 as at 28 February 2023.

REASONS FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

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

The Company considers that the Disposal is an opportunity for the Company to realize its investment in the Target Company. Furthermore, taking into consideration of the proceeds from the Disposal, the Company considers that it can reutilize the proceeds to further strengthen the cash flow and financial position of the Group and will allow the Group to reallocate its resources for future business development.

It is also noted that the property market in Hong Kong has become uncertain in light of the uncertainty in the global economy.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Provisional Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, there will be net proceeds of approximately HK\$18 million from the Disposal and the Company currently intends to utilize the net proceeds towards general working capital of the Group.

LISTING RULES IMPLICATIONS

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Provisional Agreement, the Disposal and the transactions contemplated thereunder. As such, no general meeting will be convened for the approval of the Provisional Agreement, the Disposal and the transactions contemplated thereunder as is permitted under Rule 14.44 of the Listing Rules.

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Completion of the Disposal is subject to the satisfaction and/or waiver of the conditions precedent under the Provisional Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Styland Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Provisional Agreement or the Formal Agreement
“Completion Date”	on or before 30 June 2023
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan
“Formal Agreement”	the formal agreement to be entered into among the Vendor, the Purchaser and the Guarantor regarding the Disposal
“Group”	the Company and its subsidiaries
“Guarantor”	Thunderbolt Property Corp, a company incorporated in the British Virgin Islands which is the holding company of the Vendor and a direct wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Provisional Agreement”	the conditional provisional sale and purchase agreement dated 3 April 2023 entered into by the Vendor, the Purchaser and the Guarantor in relation to the Disposal by the Vendor
“Property”	the property located at House A (including the External Walls and Carport on the G/F thereof), Ocean View Lodge, Sai Kung, New Territories, Hong Kong
“Purchaser”	Mr. Yeung Ting Fung, a citizen of Hong Kong and an Independent Third Party
“Sale Loan”	the entire shareholder’s loan advanced by way of loan by the Vendor to the Target Company and due and owing by the Target Company to the Vendor as at Completion with all the benefits thereof together with all rights attached thereto
“Sale Share”	the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	Share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ocean View Villa Limited (formerly known as Hoowin Limited), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

“Vendor”	Treasure Glasshouse Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Styland Holdings Limited
Ng Yiu Chuen
Director

Hong Kong, 3 April 2023

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

* *For identification purpose only*