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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

(Warrant Code: 2403)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE DISPOSAL

Reference is made to the announcement of the Company dated 22 March 2024 in which it was announced that the Vendor and the Purchaser entered into a non-legally binding letter of intent in relation to the possible disposal of the Sale Share at a consideration of HK\$40 million to be settled by (i) HK\$10 million in cash upon signing of the formal and binding sale and purchase agreement; and (ii) the Purchaser's issue of promissory notes. On 21 June 2024 (after trading hours), the Vendor, being the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company. Following the parties' negotiation, the parties agreed that the Consideration shall be HK\$40,000,000 to be settled by cash (instead of promissory notes) to the Vendor in four instalments.

Upon the Completion, the Target Company and companies in the Target Group will cease to be subsidiaries of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

WRITTEN SHAREHOLDERS' APPROVAL

The Company will obtain a written approval for the approval of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Kenvonnia Family Limited, who is the beneficial owner of 389,799,559 Shares, representing approximately 54.82% of the entire issued share capital of the Company as at the date of this announcement. After the obtaining of the aforesaid written approval, no general meeting of the Company will be convened to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

GENERAL

A circular of the Company containing, among other matters, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 15 July 2024.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE DISPOSAL

Reference is made to the announcement of the Company dated 22 March 2024 in which it was announced that the Vendor and the Purchaser entered into a non-legally binding letter of intent in relation to the possible disposal of the Sale Share at a consideration of HK\$40 million to be settled by (i) HK\$10 million in cash upon signing of the formal and binding sale and purchase agreement; and (ii) the Purchaser's issue of promissory notes. On 21 June 2024 (after trading hours), the Vendor, being the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company. Following the parties' negotiation, the parties agreed that the Consideration shall be HK\$40,000,000 to be settled by cash (instead of promissory notes) to the Vendor in four instalments.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

21 June 2024 (after trading hours)

Parties

Vendor: The Company

Purchaser: R & J Funds Limited

(each a "**Party**" and collectively, the "**Parties**")

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor, as the legal and beneficial owner, shall sell and the Purchaser shall purchase the Sale Share, together with all the rights attaching to the Sale Share on or after the Completion Date (including the receipt of dividend and profit distributions declared, distributed or paid on or after the Completion Date). The Sale Share shall be free from any encumbrances, equitable interests, claims and adverse interests.

Consideration

The Consideration is HK\$40,000,000 which shall be settled by cash to the Vendor in four instalments of HK\$10,000,000 each, whereby the first instalment in the amount of HK\$10,000,000 shall be paid upon signing of the Sale and Purchase Agreement (the “**Deposit**”); the second instalment in the amount of HK\$10,000,000 shall be paid on or before the expiry of the six months from the Completion Date plus interest accrued on such sum at a rate of 12% per annum from the day following the Completion Date to the actual date of payment (both dates inclusive) (the “**Second Instalment**”); the third instalment in the amount of HK\$10,000,000 shall be paid on or before the expiry of 12 months from the Completion Date plus interest accrued on such sum at a rate of 12% per annum from the day following the Completion Date to the actual date of payment (both dates inclusive) (the “**Third Instalment**”); and the fourth instalment in the amount of HK\$10,000,000 shall be paid on or before the expiry of 18 months from the Completion Date plus interest accrued on such sum at a rate of 12% per annum from the day following the Completion Date to the actual date of payment (both dates inclusive) (the “**Fourth Instalment**”).

The Purchaser shall have the right to settle the Second Instalment, Third Instalment and/ or Fourth Instalment before their respective due dates.

The Consideration is determined based on the net asset value as stated in the unaudited management accounts of the Target Company as at 31 January 2024, amounting to approximately HK\$36 million. The net asset value excludes the Shareholder's Loans in the amount of approximately HK\$352 million owed by the Target Group to the Company, which shall be waived by the Completion Date. The Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Completion shall be subject to and conditional upon the fulfillment of the following conditions precedent:

- (a) each of the Vendor's warranties as stated in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects;
- (b) each of the Purchaser's warranties as stated in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects;
- (c) the approval of the Board with respect to the Sale and Purchase Agreement and the transactions contemplated hereunder having been obtained;
- (d) all requisite approvals, consents and waivers required to be obtained by the Company and each company of the Target Group in respect of the entering into the Sale and Purchase Agreement and the implementation of the transactions contemplated hereunder having been obtained and remaining in full force and effect, with full compliance of all applicable laws and regulations (including but not limited to the Listing Rules and the Securities and Futures Ordinance (Cap. 571) (the "SFO"));
- (e) all requisite approvals, consents and waivers required to be obtained by the Purchaser in respect of the entering into the Sale and Purchase Agreement and the implementation of the transactions contemplated hereunder, including but not limited to the prior approval from the SFC for the change of substantial shareholder of the licensed corporations of the Target Group, having been obtained and remaining in full force and effect, with full compliance of all applicable laws and regulations (including but not limited to the SFO); and
- (f) the passing of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement by the Shareholders at a general meeting of the Company (or written approval given by a Shareholder or a closely allied group of Shareholders who hold or collectively hold more than 50% voting rights of the Company).

The Purchaser may waive the above condition (a) and the Vendor may waive the above condition (b).

Return of payment

In the event that the Sale and Purchase Agreement is terminated:

- (a) as a result of the Vendor's failure to fulfil the conditions set out under conditions (a), (c), (d) or (f) on or before the Long Stop Date or its failure to comply with any of its Completion obligations, the Vendor shall, within three (3) Business Days following such termination, return and pay (or cause to be returned and paid) in immediately available funds by electronic transfer to a bank account designated by the Purchaser an amount equivalent to any money already paid by the Purchaser with nil interest to the Vendor, provided that the Vendor shall be entitled to deduct from such money such amount of expenses reasonably incurred by them for the performance of the Sale and Purchase Agreement up to HK\$800,000; or

- (b) as a result of the Purchaser's failure to fulfil the conditions set out under conditions (b) or (e) on or before the Long Stop Date or its failure to comply with any of its Completion obligations, the Vendor shall be entitled to forfeit the Deposit paid by the Purchaser, the amount of which represents a genuine pre-estimate of the Vendor's losses as a result of the Purchaser's failure, including expenses incurred by the Vendor for the Disposal and the grant of right of exclusivity to the Purchaser.

Completion

The Completion shall take place on the Completion Date or such other date as the Parties may agree in writing. Upon the Completion, the Target Company and companies in the Target Group will cease to be subsidiaries of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

On Completion, the Company, Ever-Long Asset Management Limited, Ever-Long Holdings Limited, Ever-Long Capital Limited, Ever-Long Securities Company Limited and Ever-Long Investments Holdings Limited shall enter into the Deed of Mutual Waiver whereby, among other things, the Shareholder's Loans shall automatically terminate and Ever-Long Asset Management Limited, Ever-Long Holdings Limited, Ever-Long Capital Limited, Ever-Long Securities Company Limited and Ever-Long Investments Holdings Limited shall be irrevocably and unconditionally released and discharged from all liability relating to, arising out of, or connected with the Shareholder's Loans.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding. As at the date of this announcement, the Purchaser is owned as to approximately 95.5% by Mr. Che Weng Kei (謝榮基) and 4.5% by Mr. Chan Tzu Lun Felix (陳梓倫).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

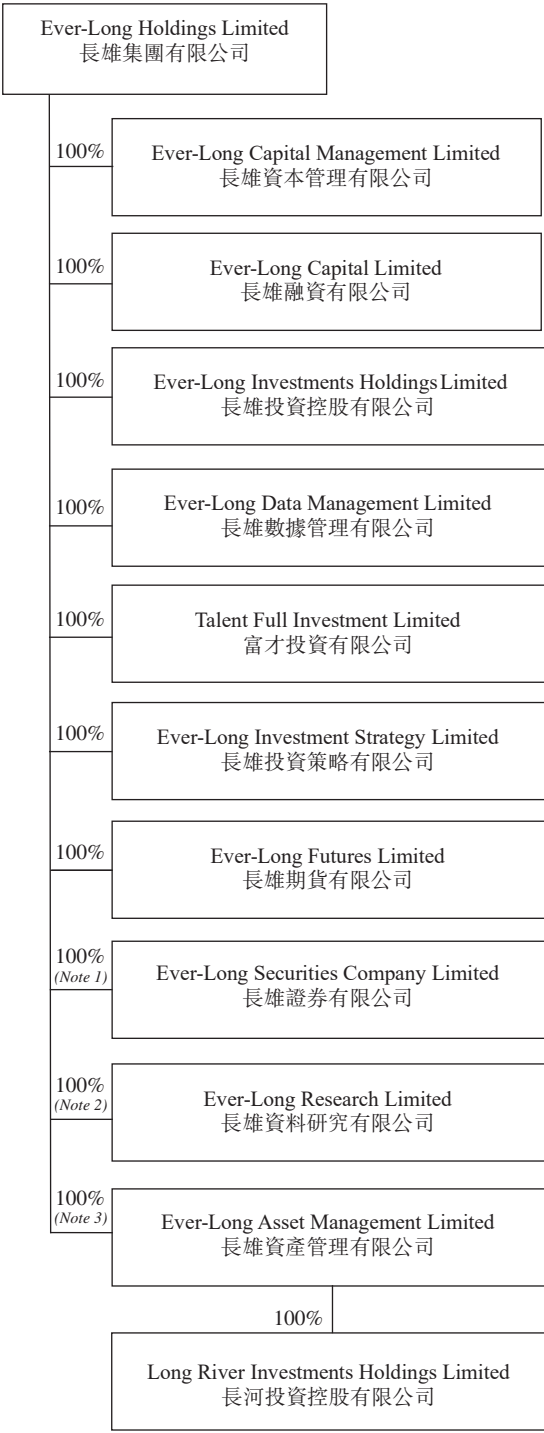
INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of financial services.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. The Target Company is principally engaged in investment holding. The Target Group is principally engaged in the provision of financial services.

As at the date of this announcement, the shareholding structure of the Target Group is as follows:



Note 1: Ever-Long Securities Company Limited issued a total of 165,000,000 shares, among which 1 share is held by Best Return Group Limited, a direct wholly-owned subsidiary of the Company. All remaining shares are held by Ever-Long Holdings Limited.

Note 2: Ever-Long Research Limited issued a total of 700,000 shares, among which 1 share is held by Best Return Group Limited, a direct wholly-owned subsidiary of the Company. All remaining shares are held by Ever-Long Holdings Limited.

Note 3: Ever-Long Asset Management Limited issued a total of 10,000,000 shares, among which 1 share is held by Best Return Group Limited, a direct wholly-owned subsidiary of the Company. All remaining shares are held by Ever-Long Holdings Limited.

Set out below is a summary of the consolidated financial information of the Target Group extracted from the unaudited consolidated financial statements for the years ended 31 March 2022 and 31 March 2023 and for the ten months ended 31 January 2024:

	For the year ended 31 March 2022	For the year ended 31 March 2023	For the ten months ended 31 January 2024
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
Turnover	22,028	11,247	7,058
Loss before taxation	37,137	26,097	24,511
Loss after taxation	37,131	26,097	24,511

The unaudited consolidated net asset value of the Target Group as at 31 January 2024 based on the unaudited consolidated financial statements of the Target Group was approximately HK\$36 million (excluding the Shareholder's Loans of approximately HK\$352 million).

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Company will record a gain of approximately HK\$3.0 million (after deducting the estimated professional fees and other related expenses of approximately HK\$1.3 million) on the Disposal, after taking into account the difference between the Consideration, the unaudited consolidated net asset value of the Target Group of approximately HK\$36 million as at 31 January 2024 (excluding the Shareholder's Loans of approximately HK\$352 million as at 31 January 2024). The actual gain to be recorded by the Company depends on the consolidated net assets of the Target Group as at the Completion Date, which is subject to final audit to be performed by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The principal activities of the Group consist of investment holdings, provision of financial services, mortgage financing, insurance brokerage, property development and investment, and securities trading. The financial services segment operated by the Target Group has been loss-making for the past seven years and the Group had to continue to invest a lot of financial resources, manpower and time in the business segment in order to keep the business segment in operation. In addition, the Hong Kong financial markets have been declining for the past few years, with the Hang Seng Index falling by approximately 15.5% and 13.8% in 2022 and 2023, respectively. The downturn of the stock market has been one of the factors affecting the Group's financial services segment and the Board believes that the Disposal will relieve the market risks affecting the Group's financial performance.

On the other hand, the mortgage financing segment has been consistently profitable, with a segment profit of at least approximately HK\$4.9 million for each of the past seven years and the Group intends to focus on developing such segment.

The net proceeds from the Disposal, after deducting costs and expenses relating to the Disposal, are expected to be approximately HK\$38.7 million. The Company intends to apply the net proceeds for repayment of existing borrowings and to focus on more profitable business segments such as mortgage financing and reallocate its resources for future business development. Upon the Completion, the Group will remain to be engaged in, among other businesses, the mortgage financing business.

In light of the above, the Directors consider that the terms of the Sales and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective Associate(s) have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolution(s) approving the Disposal.

WRITTEN SHAREHOLDERS' APPROVAL

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder; and (ii) 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 Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

The Company will obtain a written approval for the approval of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Kenvonia Family Limited, who is the beneficial owner of 389,799,559 Shares, representing approximately 54.82% of the entire issued share capital of the Company as at the date of this announcement. After the obtaining of the aforesaid written approval, no general meeting of the Company will be convened to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

GENERAL

A circular of the Company containing, among other matters, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 15 July 2024.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Days”	a day on which commercial banks are open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and any weekday on which typhoon signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.)
“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 and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of the Completion, which shall be on the fifth Business Day after the fulfillment of the conditions precedent of the Sale and Purchase Agreement (or such other date as the other Parties may agree)
“Consideration”	the consideration for the Sale Share
“Deed of Mutual Waiver”	the deed of mutual waiver and discharge to be entered into between the Company and Ever-Long Asset Management Limited, Ever-Long Holdings Limited, Ever-Long Capital Limited, Ever-Long Securities Company Limited and Ever-Long Investments Holdings Limited upon Completion in respect of, among other things, the waiver and discharge of the Shareholder’s Loans
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share
“Group”	the Company, together with its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2024 or such later date as the Parties may agree in writing
“Purchaser”	R & J Funds Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 June 2024 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Share”	a total of 1 share of the Target Company, being the entire issued share capital of the Target Company, to be sold by the Company to the Purchaser according to the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loans”	the net amount of loans or indebtedness outstanding and owing as at Completion by Ever-Long Asset Management Limited, Ever-Long Holdings Limited, Ever-Long Capital Limited, Ever-Long Securities Company Limited and Ever-Long Investments Holdings Limited, respectively, to the Vendor which is unsecured, interest-free and repayable on demand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Ever-Long Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Target Group”	Target Company and subsidiaries of the Target Company
“Vendor”	the Company
“%”	per cent

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

Hong Kong, 21 June 2024

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