

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.



STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

TERM SHEET IN RESPECT OF THE POSSIBLE SETTLEMENT OF THE JUDGMENT DEBTS

The Board is pleased to announce that on 7 June 2012, the Company entered into a non-legally binding Term Sheet with Mr. Cheung and Ms. Yeung which sets out the principal terms to be agreed between the parties thereto in relation to the Proposed Settlement.

The Board wishes to emphasize that the Term Sheet is non-legally binding on the parties thereto (save as to certain provisions therein) and no formal agreement in relation to the Proposed Settlement has been entered into as at the date of this announcement. As the Proposed Settlement may or may not proceed, public investors and the Shareholders are urged to exercise caution when dealing in the Shares and securities of the Company.

Reference is made to the announcements of the Company dated 7 December 2011 and 7 March 2012 in relation to, among others, the SFC Petition and the Judgment thereof (the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to the Judgment, an order dated 7 March 2012 was made by the Honourable Mr. Justice Barma (the “**Order**”), wherein (1) Mr. Cheung was ordered, amongst other things, to pay to the Company a total sum of HK\$79,000,000 (“**Cheung’s Principal**”) with interest (“**Cheung’s Judgment Interest**”, and together with Cheung’s Principal, “**Cheung’s Judgment Debt**”) thereon compounded annually at the rate of 1% above the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited for periods from the respective date of the concerned transactions to the date of the Order and at judgment rate after the date of the Order until full payment of Cheung’s Principal; and (2) Ms. Yeung was ordered, amongst other things, to pay to the Company a sum of HK\$6,950,000 (“**Yeung’s Principal**”, and together with Cheung’s Principal, the “**Principals**”) with interest (“**Yeung’s Judgment Interest**”, and together with Yeung’s Principal, “**Yeung’s Judgment Debt**”)

* *For identification purpose only*

thereon compounded annually at the rate of 1% above the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited for a period from the date of the concerned transaction to the date of the Order and at judgment rate after the date of the Order until full payment of Yeung's Principal. As at the date of the Order, the total amount of Cheung's Judgment Debt and Yeung's Judgment Debt was HK\$190,628,975.21, and Cheung's Judgment Interest and Yeung's Judgment Interest would continue to accrue after the date of the Order until the respective full settlement of Cheung's Principal and Yeung's Principal.

TERM SHEET

The Board is pleased to announce that on 7 June 2012, the Company entered into a non-legally binding (save as to certain provisions therein) term sheet (the "**Term Sheet**") with Mr. Cheung and Ms. Yeung which sets out the principal terms to be agreed between the parties thereto in relation to the proposed settlement of Cheung's Judgment Debt and Yeung's Judgment Debt by Mr. Cheung and Ms. Yeung (the "**Proposed Settlement**"). The Board considers that it is in the interest of the Company and the Shareholders as a whole if the Proposed Settlement does proceed.

Summarized below are the principal terms of the non-legally binding Term Sheet.

Date

7 June 2012

Parties

- (1) the Company;
- (2) Mr. Cheung; and
- (3) Ms. Yeung

Mr. Cheung is a substantial shareholder of the Company and the father of Mr. Cheung Hoo Win, who is an executive Director and the chief executive officer of the Company. Ms. Yeung is the spouse of Mr. Cheung. As such, Mr. Cheung and Ms. Yeung are connected persons of the Company as defined under Chapter 14A of the Listing Rules.

Proposed Settlement

Pursuant to the non-legally binding (save as to certain provisions therein) Term Sheet, Mr. Cheung and Ms. Yeung intend to settle Cheung's Judgment Debt and Yeung's Judgment Debt in the manner as follows:

- (1) upon the signing of the Term Sheet, Mr. Cheung and Ms. Yeung shall pay to the Company the sum of HK\$10,000,000 in cash in partial satisfaction of Yeung's Judgment Debt by settling, first, Yeung's Principal, and then Yeung's Judgment Interest. The said sum of HK\$10,000,000 shall not be refundable (the "**Non-refundable Payment**");
- (2) subject to and immediately upon the fulfilment of a number of conditions precedent set out in the Term Sheet, the interest-free loan of HK\$10,000,000 which has been advanced by Mr. Cheung to the Company on 6 March 2012 with maturity date on 5 September 2012 as disclosed in the announcement of the Company dated 6 March 2012, shall be applied to set off against, first, the remaining balance of Yeung's Judgment Interest, and any balance thereof shall be applied to partially set off against Cheung's Principal, irrespective of the maturity date of the loan;
- (3) subject to the fulfilment of a number of conditions precedent as set out in the Term Sheet, including but not limited to (i) the satisfaction of the due diligence exercise to be conducted by the Company on Full Bright (as defined below), Treasure Profit (as defined below) and the Property (as defined below); (ii) the passing by the independent shareholders of the Company (other than Mr. Cheung and Ms. Yeung and their respective associates and those Shareholders who have a material interest of the transactions contemplated under the Proposed Settlement) who are entitled to vote and not required to be abstained from voting at a special general meeting of the Company to be convened and held of the resolution(s) to approve the Proposed Settlement and the transactions contemplated thereby; and (iii) the obtaining of a valuation report from an independent valuer (the "**Valuation Report**") showing the valuation of the Property (as defined below) to be not less than HK\$83,000,000, Mr. Cheung and Ms. Yeung shall transfer (the "**Transfer**") to the Company and/or its nominee(s) the entire issued share capital of Full Bright Global Limited ("**Full Bright**") at a consideration of HK\$83,000,000 or such value provided in the Valuation Report (whichever is higher) within 1 month (or such other date as the parties may agree) upon the fulfilment of the conditions precedent set out in the Term Sheet. Full Bright is the sole shareholder of Treasure Profit Limited ("**Treasure Profit**") whose major asset is the property known as 23rd Floor, Far East Consortium Building, Hong Kong (the "**Property**"). The consideration of HK\$83,000,000 or such higher value as provided in the Valuation Report shall be applied to set off against first, Cheung's Principal or any outstanding balance thereof, and then the balance thereof in partial satisfaction of Cheung's Judgment Interest; and
- (4) the remaining balance of Cheung's Judgment Interest would be settled by the following three instalments:
 - (i) HK\$20,000,000 would be paid to the Company within 4 months after completion of the Transfer;

- (ii) HK\$20,000,000 would be paid to the Company within 8 months after completion of the Transfer; and
- (iii) the balance of Cheung's Judgment Interest would be paid to the Company within 12 months after completion of the Transfer.

Several Liabilities

The liabilities of Mr. Cheung and Ms. Yeung under the Proposed Settlement are several and not joint with the other party. In case if any of Mr. Cheung and Ms. Yeung fails to honour and/or perform any of the obligations in the Term Sheet, the other party is only responsible to honour and/or perform and is liable up to the outstanding amount of his/her own judgment debt as specified under the Order and his/her respective liabilities and obligations as specified in the Term Sheet.

Costs and expenses

Mr. Cheung and Ms. Yeung shall bear and reimburse all costs and expenses incurred and to be incurred by the Company in connection with the preparation, negotiation, execution and performance of the Term Sheet and all documents incidental or relating to the Proposed Settlement.

Legal effect

Save for the provisions regarding the several liabilities of Mr. Cheung and Ms. Yeung in the Proposed Settlement, the due diligence exercise to be performed on Full Bright, Treasure Profit and the Property, the Non-refundable Payment, confidentiality, costs and expenses, governing law and legal effect, the Term Sheet is non-legally binding in nature and there is no binding commitment on either the Company, Mr. Cheung or Ms. Yeung on the subject matter. If the Proposed Settlement does proceed, the parties will enter into a formal settlement agreement in which relevant terms and conditions will be incorporated.

GENERAL

In the event the Proposed Settlement materialises, as Mr. Cheung and Ms. Yeung are connected persons of the Company (as defined under the Listing Rules), the Proposed Settlement and the transactions contemplated thereunder will constitute a notifiable and connected transaction under the Listing Rules and shall be subject to the announcement, reporting and independent Shareholders' approval requirements. The Company will comply with the applicable provisions of the Listing Rules in relation to such possible transaction. In the event the Proposed Settlement does not materialise or proceed, the Company shall continue to proceed with the enforcement of the Judgment to recover Cheung's Judgment Debt and Yeung's Judgment Debt from Mr. Cheung and Ms. Yeung.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Settlement has been entered into as at the date of this announcement. As the Proposed Settlement may or may not proceed, public investors and the Shareholders are urged to exercise caution when dealing in the Shares and securities of the Company.

Further announcement(s) will be made by the Company as and when appropriate.

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

Hong Kong, 7 June 2012

As at the date of this announcement, the Board comprises five executive Directors, Mr. Cheung Hoo Win, Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan and Ms. Chen Lili and four independent non-executive Directors, Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip.