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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: 1352)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE SUBSCRIPTION INVOLVING POSSIBLE APPLICATION OF WHITEWASH WAIVER; AND RESUMPTION OF TRADING

THE MEMORANDUM OF UNDERSTANDING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board announces that, on 7 August 2015, the Company and the Subscriber entered into the non-legally binding Memorandum of Understanding, pursuant to which the Company intends to issue, and the Subscriber intends to subscribe, the Subscription Shares and the Convertible Bonds. The Subscription Shares would represent not more than 35% of the total issued share capital of the Company as enlarged by allotment and issue of the Subscription Shares upon Completion, and together with the Conversion Shares, would represent not less than 51% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares on a fully diluted basis.

The Board wishes to emphasize that no binding agreement in relation to the Possible Subscription has been entered into as at the date of this announcement. As such, the Possible Subscription may or may not proceed. Further announcement in respect of the Possible Subscription will be made by the Company in the event that any Formal Agreement has been signed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or any securities of the Company.

* For identification purpose only

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Warrants on the Stock Exchange was halted with effect from 9:00 a.m. on 7 August 2015 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the Warrants on the Stock Exchange with effect from 1:00 p.m. on 12 August 2015.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

INTRODUCTION

The Board announces that, on 7 August 2015, the Company and the Subscriber entered into the non-legally binding Memorandum of Understanding, pursuant to which the Company intends to issue, and the Subscriber intends to subscribe, the Subscription Shares and the Convertible Bonds.

Details of the Memorandum of Understanding are set out below.

THE MEMORANDUM OF UNDERSTANDING

Date: 7 August 2015

Parties:

- (i) the Company; and
- (ii) Heng Feng Financial Holdings (International) Limited, as the Subscriber.

The Subscriber is an investment holding company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner, Mr. Wan Peng Fei, is a third party independent of and not connected or acting in concert with the Company or any of its connected persons.

Subject Matter

Pursuant to the Memorandum of Understanding, the Company intends to issue, and the Subscriber intends to subscribe, the Subscription Shares and the Convertible Bonds. The Subscription Shares would represent not more than 35% of the total issued share capital of the Company as enlarged by allotment and issue of the Subscription Shares upon Completion, and together with the Conversion Shares, would represent not less than 51% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares on a fully diluted basis.

For the avoidance of doubts, the number of the Subscription Shares, the consideration for the Possible Subscription, the principal amount of the Convertible Bonds, the initial conversion price of the Convertible Bonds and the relevant provisions are to be agreed by the Company and the Subscriber upon the execution of the Formal Agreement.

Conditions precedent

If the Possible Subscription materialises, Completion is conditional upon the satisfaction of the following conditions precedent:

- (i) the Subscriber being reasonably satisfied with the results of the due diligence review (the “**Due Diligence**”) to be conducted by the Subscriber and/or its adviser or agent on the shareholding, assets, indebtedness, financial aspect, operation and business of the Group;
- (ii) the listing of the Shares not being revoked and the trading in Shares on the Stock Exchange not being halted or suspended prior to Completion (save for the trading halt or suspension of the Shares pending the release of the announcement in relation to the Memorandum of Understanding or the Formal Agreement), and there being no indication from the Stock Exchange or the SFC that there will be any dissents on listing of the Shares on the Stock Exchange whether in connection with the Memorandum of Understanding or the transaction to be contemplated under the Formal Agreement or any reasons arising therefrom;
- (iii) the Shareholders (who are eligible to vote under the Listing Rules or Takeovers Code) having passed the resolutions to approve (a) allotment and issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares; (b) the Formal Agreement and the transactions contemplated thereunder; and (c) the whitewash waiver and (if applicable) special deal;
- (iv) the granting of the whitewash waiver and (if applicable) the consent to special deal by the Executive Director of the Corporate Finance Division of the SFC or any of his or her delegate;
- (v) the approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares and such approval not having been withdrawn prior to Completion;
- (vi) the warranties to be given by the Company under the Formal Agreement remaining true and accurate and not misleading at Completion, and from the date of the Formal Agreement to the date of Completion;
- (vii) the Company having in material aspects fully complied with the obligations and otherwise having performed in material aspects all of the covenants and agreements under the Formal Agreement;
- (viii) save for the matters to be disclosed in the Formal Agreement, from the date of the Formal Agreement, the Subscriber not having identified any changes, events, circumstances or other matters that the Subscriber found to have, either individually or

in the aggregate, a material adverse effect on the business, operations or financial conditions of any member of the Group or the ability of the Company to perform its obligations under the Formal Agreement;

- (ix) no governmental or regulatory authority in any jurisdiction having proposed, enacted or taken any order, statute, regulation or decision which would limit, prohibit or invalidate the transactions contemplated under the Formal Agreement;
- (x) no third parties having sought at any courts or government authority in any jurisdiction any litigation or proceedings, pending or threatened, which would limit or prohibit the transactions contemplated under the Memorandum of Understanding or which would seek to declare the contemplated transactions as illegal or which seek substantial compensation or damages for losses arising from such transactions;
- (xi) all consents and approvals (if any) which are necessary or which the Subscriber has been advised that it is necessary to obtain in connection with the Possible Subscription having been granted by third parties in the form and substance satisfactory to the Subscriber and the consents and approvals shall not be subject to any condition that has neither been satisfied nor waived by the Subscriber and remained fully effective;
- (xii) the Subscriber having received a legal opinion as to the laws of Bermuda, which is reasonably satisfactory to the Subscriber in all respects, to confirm that the Company is duly incorporated and validly existing under the laws of the Bermuda and has the authority to enter into the Formal Agreement, the Formal Agreement having been duly executed and the Subscription Shares and the Convertible Bonds shall be duly issued;
- (xiii) the Subscriber having received a legal opinion as to the laws of Hong Kong, which is reasonably satisfactory to the Subscriber in all respects, to confirm that the Formal Agreement and other agreements to be executed pursuant to the Formal Agreement are legal, valid and enforceable under the laws of Hong Kong;
- (xiv) the Company and the Subscriber having entered into the side letter in connection with the Possible Subscription, pursuant to which the Subscriber shall have the right to issue a written notice to the Company to nominate a suitable candidate to act as a Director to the Board upon Completion;
- (xv) all necessary consents and approvals in relation to transactions contemplated under the Formal Agreement having been obtained by the Company and the Subscriber, and the Company and the Subscriber having complied with the relevant laws and rules (including but not limited to the Listing Rules and the relevant laws of Hong Kong), and such consents and approvals remaining valid up to the date of Completion, and there having been no rules or regulations imposed by the relevant authorities to forbid or seriously delay the performance and completion of the Formal Agreement; and
- (xvi) other conditions precedent to be mutually agreed by the Company and the Subscriber and included in the Formal Agreement (if any).

For the avoidance of doubts, the conditions set out in (iii) and (iv) above are not capable of being waived by any parties to the Memorandum of Understanding.

Due Diligence

Upon signing of the Memorandum of Understanding, the Subscriber shall procure its advisers or agents or by itself forthwith commence the Due Diligence.

Exclusivity

Pursuant to the Memorandum of Understanding, the Company will not, for a period of 120 days from the date of the Memorandum of Understanding (or such later date to be agreed by the parties thereto), negotiate or procure its Directors, officers, employees, representatives and agents to negotiate, directly or indirectly, with any party (other than the Subscriber) for the issue, disposal or deal with the Shares or any other securities or significant assets of the Company.

The Formal Agreement

The Memorandum of Understanding is not legally binding, save for certain general provisions including confidentiality, exclusivity as mentioned above, the access to information by the Subscriber for the purpose of the Due Diligence, notice and communication, cost and expenses, the governing law of the Memorandum of Understanding, the authorisation by the Board to enter into the Memorandum of Understanding and the confirmation by the Company in respect of the shareholding structure of the Company.

The Possible Subscription is therefore subject to the execution and completion of the Formal Agreement. The Subscriber and the Company will proceed with further negotiation for entering into of the Formal Agreement as soon as possible and in any event within 120 days from the date of the Memorandum of Understanding (or such later date to be agreed by the parties thereto). Therefore, the Memorandum of Understanding does not constitute a legally-binding commitment of the parties to the Memorandum of Understanding in respect of the Possible Subscription.

If the Formal Agreement materialises, the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code as and when appropriate.

WARNING

The Board wishes to emphasize that no binding agreement in relation to the Possible Subscription has been entered into as at the date of this announcement. As such, the Possible Subscription may or may not proceed. Further announcement in respect of the Possible Subscription will be made by the Company in the event that any Formal Agreement has been signed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or any securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Warrants on the Stock Exchange was halted with effect from 9:00 a.m. on 7 August 2015 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the Warrants on the Stock Exchange with effect from 1:00 p.m. on 12 August 2015.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Company”	Styland Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 211)
“Completion”	completion of the Possible Subscription
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Shares”	the Share(s) which may be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds which may be issued by the Company to the Subscriber pursuant to the Formal Agreement
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal subscription agreement which may or may not be entered into in relation to the Possible Subscription
“Group”	the Company and its subsidiaries
“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
“Memorandum of Understanding”	the non-legally binding memorandum of understanding dated 7 August 2015 entered into between the Company and the Subscriber setting out the preliminary understanding in relation to the Possible Subscription

“Possible Subscription”	the possible subscription of the Subscription Shares and the Convertible Bonds by the Subscriber as contemplated under the Memorandum of Understanding and subject to the execution of the Formal Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Heng Feng Financial Holdings (International) Limited, a company incorporated in Hong Kong with limited liability and ultimately beneficially owned by Mr. Wan Peng Fei, which is a third party independent of and not connected or acting in concert with the Company or any of its connected persons
“Subscription Shares”	new Shares which may be allotted and issued to the Subscriber pursuant to the Formal Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Warrants”	the listed warrants of the Company conferring rights to the holders thereof to subscribe in cash for new Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
STYLAND HOLDINGS LIMITED
Ng Yiu Chuen
Executive Director

Hong Kong, 12 August 2015

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

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.