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If you are in any doubt as to any aspect of this circular 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 circular 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).

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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
IN A SUBSIDIARY**

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 3 to 11 of this circular.

The transaction being the subject matter of this circular has been approved by written Shareholder's approval pursuant to Rule 14.44 of the Listing Rules and this circular is being despatched to the Shareholders for information only.

25 May 2023

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 April 2023 in relation to the conditional Provisional Agreement and the Disposal
“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 (stock code: 211)
“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 (if entered into) 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
“Latest Practicable Date”	19 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“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
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“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
“U.S.”	the United States of America
“Valuer”	Vigers Appraisal and Consulting Limited, a qualified independent valuer
“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.

LETTER FROM THE BOARD



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:

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Wing On Centre

111 Connaught Road Central

Sheung Wan

Hong Kong

25 May 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF ENTIRE EQUITY INTERESTS IN A SUBSIDIARY

INTRODUCTION

Reference is made to the Announcement in relation to the conditional Provisional Agreement and 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 Kenyonia 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 Latest Practicable Date. 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.

* For identification purpose only

LETTER FROM THE BOARD

The primary purpose of this circular is to provide you with, among other matters, (i) the details of the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and (ii) other information required to be included in this circular under the requirements of the Listing Rules.

THE DISPOSAL

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. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Disposal).

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.

The main asset of the Target Company is the Property. The latest valuation of the Property carried out by the Valuer amounted to HK\$30,000,000 as at 3 April 2023.

LETTER FROM THE BOARD

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, and has been, paid upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$1,500,000 shall be, and has been, 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 have been paid to the Vendor’s solicitor as stakeholders who shall not release the same to the Vendor save in accordance with the following:

- 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 (by taking into account the transaction records of the neighbouring houses in the same estate where the Property is located in the last three years, ranging from HK\$20 million to HK\$29 million) and the financial position of the Target Company. Please refer to the section headed “Information of the Group, the Target Company and the Property” of this letter for further information on the financial position of the Target Company.

After taking into consideration of various factors, the Directors consider the bases adopted by the Valuer to be fair and reasonable, and 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.

LETTER FROM THE BOARD

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. In this regard, conditions (a), (b) and (d) may be waived by the Purchaser at his own discretion. The Company is of the view that, from the Vendor's perspective, waiver (if any) of any of the relevant condition(s) will not affect the substance of the Disposal.

As at the Latest Practicable Date, only condition (c) has been fulfilled.

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.

LETTER FROM THE BOARD

Completion

Completion of the Disposal 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.

Agency fee

In consideration of the service rendered by a property agency company, each of the Vendor and the Purchaser shall pay to the property agency company an agency fee of HK\$300,000 (representing 1% of the Purchase Price) respectively not later than the Completion Date. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, such property agency company and its ultimate beneficial owner(s) are Independent Third Parties.

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).

The Formal Agreement

Pursuant to the Provisional 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Formal Agreement has yet to be entered into between the Vendor, the Purchaser and the Guarantor. The Vendor and the Purchaser are still negotiating in good faith and with their reasonable endeavours to aim at reaching the Formal Agreement as soon as practicable. It is currently expected that the Formal Agreement will be entered into on or around 16 June 2023 and in any event, no later than the Completion Date. Based on the ongoing negotiation, the Directors do not expect the terms of the Formal Agreement, if successfully entered into, to have any material deviation from those of the Provisional Agreement.

INFORMATION OF THE PURCHASER

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Purchaser is a citizen of Hong Kong and an Independent Third Party.

INFORMATION OF THE GROUP, THE TARGET COMPANY AND THE PROPERTY

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. Further details of the Group are set out in Appendices I and III to this circular.

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. The Property is located at House A (including the External Walls and Carport on the G/F thereof), Ocean View Lodge, Sai Kung, New Territories, Hong Kong and has a saleable area of about 1,604 square feet (149.00 square metres), excluding ancillary area of roof area of about 620 square feet (57.60 square metres), garden area of about 700 square feet (65.03 square metres) and two car parking spaces. The Property is a residential property held for investment and rental purposes.

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.

LETTER FROM THE BOARD

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\$9,356,000 as at 31 March 2023.

Based on the valuation of the Property prepared by the Valuer as at 3 April 2023, the value of the Property was approximately HK\$30 million. As a result of the Disposal, it is expected that the book value of the Property would be adjusted downward from HK\$41 million as at 31 March 2022 (being the date to which the latest published audited financial statements of the Company were made up) to HK\$30 million. The Company is of the view that such a decrease was mainly caused by (1) the rather sluggish property market in Hong Kong over the past year as a result of the continuous outbreak of the COVID-19 pandemic and interest rate increases; and (2) the latest transaction prices of the neighboring houses of the Property.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As mentioned in the section headed “Information of the Group, the Target Company and the Property” above, it is expected that the Group will record a loss of approximately HK\$12 million as a result of the Disposal, which is arrived after taking into the difference between the consideration for the Disposal of HK\$30 million and (1) the Sale Loan of approximately HK\$21 million as at 31 March 2023; (2) the unaudited net assets value of approximately HK\$9 million; (3) the relevant bank loan to be repaid of approximately HK\$11 million as at 31 March 2023; and (4) the related expenses incurred by the Group in relation to the Disposal of approximately HK\$1 million which mainly includes property agency fee, professional fees and other fees in relation to the Disposal.

The actual loss may be different from the above estimation and is subject to final audit to be performed by the Company’s auditors.

Upon Completion, the Group will cease to hold any interest in the Target Company which will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group. It is estimated that the balance of the Group’s total assets would be reduced by HK\$13 million, while the balance of the Group’s liabilities would be reduced by HK\$11 million resulting from the repayment of the bank borrowing.

LETTER FROM THE BOARD

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. Set out below is the detailed breakdown of the current expected timeline and intended use of proceeds of the Disposal:

Expected use of proceeds	Amount of proceeds <i>HK\$ million</i> <i>(approximately)</i>	Expected timeline of utilisation
For general working capital including:		
– Administrative expenses and other operating expenses	5.7	June – August 2023
– Repayment of short-term debts	9.2	June – September 2023
– Settlement of account and other payables	3.1	June – August 2023
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REASONS FOR AND BENEFITS OF THE DISPOSAL

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. In addition, the Property had been left vacant for around 5 years during which no lease has been entered into in respect of the Property and no rental income has been generated, while the Property is subject to a mortgage for the grant of a bank borrowing, by which the borrowing interest is borne by the Group. After further consideration of the market conditions, the Board considers that the Disposal allows the Group to dispose of an idle property in exchange of proceeds for repayment of the bank borrowing and release of mortgage, as well as supplementing the Group's working capital, which is a more efficient way to use the Group's resources.

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.

LETTER FROM THE BOARD

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, who 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 Latest Practicable Date.

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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Provisional Agreement are on normal commercial terms and on an arm's length basis, and the Disposal is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for the years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022 is disclosed in the annual reports of the Company for the years ended 31 March 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 September 2022, respectively, which are available on the website of the Stock Exchange (www.hkexnews.hk) and investor website of the Company (<https://www.irasia.com/listco/hk/styland/>):

- (i) 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 of the Company for the six months ended 30 September 2022, which was published on 28 December 2022 and 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>
- (ii) 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 of the Company for the year ended 31 March 2022, which was published on 28 July 2022 and 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>
- (iii) 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 of the Company for the year ended 31 March 2021, which was published on 28 July 2021 and 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>
- (iv) 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 of the Company for the year ended 31 March 2020, which was published on 29 July 2020 and 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>

2. SUFFICIENCY OF WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, in the absence of unforeseen circumstances and taking into account the present internal resources and the existing credit facilities, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular.

3. STATEMENT OF INDEBTEDNESS

At the close of business on 31 March 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	Secured <i>HK\$'000</i>	Unsecured <i>HK\$'000</i>	Total secured and unsecured <i>HK\$'000</i>	Guaranteed <i>HK\$'000</i>	Unguaranteed <i>HK\$'000</i>	Total guaranteed and unguaranteed <i>HK\$'000</i>
Carrying amount of bank and other loans	180,705	–	180,705	180,705	–	180,705
Principal amount of Convertible Bonds	–	23,000	23,000	–	23,000	23,000
Carrying amount of promissory note payables	–	50,000	50,000	50,000	–	50,000
Carrying amount of lease liabilities	6,810	–	6,810	–	6,810	6,810
	<u>187,515</u>	<u>73,000</u>	<u>260,515</u>	<u>230,705</u>	<u>29,810</u>	<u>260,515</u>

As at 31 March 2023, the Group's bank loans of approximately HK\$150,050,000 were secured by investment properties of the Group and rental proceeds in respect of the investment properties, and guaranteed by the Company.

As at 31 March 2023, the Group's bank loan of approximately HK\$4,505,000 was 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 31 March 2023, the Group's other loan of approximately HK\$26,150,000 was 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 31 March 2023, all the Group's convertible bonds were unsecured and unguaranteed.

As at 31 March 2023, all the Group's promissory note payables were unsecured but guaranteed by the Company.

As at 31 March 2023, all the Group's lease liabilities were 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 31 March 2023, 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. MATERIAL ADVERSE CHANGE

Save as and except for the below:

- (i) As disclosed in the interim report of the Company for the six months ended 30 September 2022, 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;
- (ii) As disclosed in the interim report of the Company for the six months ended 30 September 2022, 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; and
- (iii) As disclosed in the annual report for the year ended 31 March 2022, the Group recorded a valuation gain of HK\$60,203,000 for its investment properties. On the contrary, the Group might suffer a loss of HK\$12,000,000 arising from the Disposal as disclosed in the section headed “Financial Effect of the Disposal and Intended Use of Proceeds” above. As a result, it is expected that the Group would record a significant loss for the year ended 31 March 2023 while it recorded a profit for the year ended 31 March 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After the abolishment of all preventive measures including mask-wearing requirement, along with the reopening of the border between mainland China and Hong Kong, Hong Kong's economy has shown signs of recovery. To attract foreign capital, Hong Kong has convened various international financial conferences or forums to promote Hong Kong's advantages in economic development to regain foreign investors' confidence in Hong Kong's market. With the closer economic integration between the capital markets of the mainland and Hong Kong, in particular the huge development opportunity of the Greater Bay Area, Hong Kong will continue to play an important role as a super intermediary between China and western countries. Our financial services including brokerage, corporate finance and asset management businesses would be beneficial from such favorable conditions and advantages.

In Hong Kong, in order to boost the consumption market, the Hong Kong government has implemented the 2023 Consumption Voucher Scheme to distribute consumption vouchers to eligible people by instalments. With the first instalment disbursed in April 2023, we believe that the consumption power would be improved. Also, with the launch of "Happy Hong Kong" campaign, Hong Kong's economy will be further stimulated. The latest unemployment rate in Hong Kong has been reduced to 3.1%. All of these factors have created an environment favorable to the development of our mortgage financing business in particular in the area of its credit risk control.

In the U.S., the Federal interest rate cycle will likely peak in the foreseeable future. However, it is expected that the interest rate will remain at its higher level for a period of time. Interest rates in Hong Kong will inevitably be affected due to its exchange rate peg system with the U.S. dollar. As such, the Group will closely monitor the effect of interest rate hikes on the valuation of its investment property and the impact on the securities trading business.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property to be disposed by the Group as at 3rd April 2023.

Vigers Appraisal and Consulting Limited

General Practice Sector

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Kowloon, Hong Kong

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25 May 2023

The Board of Directors

Styland Holdings Limited

Room 1111, 11/F,
Wing On Centre,
No. 111 Connaught Road Central,
Sheung Wan, Hong Kong

Dear Sirs,

We refer to the recent instruction from “**Styland Holdings Limited**” (referred to as the “Company”) and its subsidiary(ies) (together referred to as the “Group”) to us to value the property interest(s) of “**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**” (referred to as the “Property”) which is to be disposed of by the Group, we confirm that we have inspected the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 3rd April 2023 (the “Date of Valuation”).



Basis of Value

Our valuation is our opinion of market value of the Property which is defined as intended to mean “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 valuation has been prepared in accordance with “HKIS Valuation Standards 2020” published by “The Hong Kong Institute of Surveyors” (“HKIS”), “RICS Valuation - Global Standards” published by the “Royal Institution of Chartered Surveyors” (“RICS”), relevant provisions in the Companies Ordinance and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (Main Board) published by “The Stock Exchange of Hong Kong Limited” (“HKEx”). Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Approach to Value

In our valuation, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable property with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of values.

Title Investigation

We have conducted land searches at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

Valuation Consideration

Inspection to the Property was carried out by Mr. Jeff M.C. LIU BSc(Hons) on 26th April 2023. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

Valuation Assumption

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state assuming sale with vacant possession and without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the Property unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner(s) of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired land-lease term granted subject to the payment of usual Government Rent. Our valuation for the Property is carried out on the basis of a cash purchase, and no allowance has been made for interest(s) and/or funding cost(s) in relation to the sale or purchase of the Property.

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected on the Property.

Our market value assessment of the Property is the value estimated without regard to cost(s) of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Property has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restriction(s) and outgoing(s) of an onerous nature which may serve to affect the value of the Property.

Remarks

We hereby confirm that:

- (1) we have no present or prospective interest in the Property; and are not a related corporation of nor having a relationship with the Group or other party/parties who the Group is contracting with;
- (2) we are authorised to practise as external valuer and have the necessary expertise and experience in valuing similar types of properties;
- (3) our valuation has been prepared on a fair and unbiased basis;
- (4) the valuer's compensation is not contingent upon reporting of a predetermined value or direction in value that favours the cause of the vendor or purchaser, the amount of the value estimate, the attainment of a stipulated result, or occurrence of subsequent event; and
- (5) we are independent of the Group.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars ("HK\$"), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,

For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

Sr David W. I. CHEUNG

MRICS MHKIS RPS(GP) MCIREA

RICS Registered Valuer

Deputy Managing Director

Note: Sr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 39 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Sr. Cheung has over 16-year of experience with Vigers Appraisal and Consulting Limited.

PROPERTY VALUATION REPORT

Property to be disposed by the Group

The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
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 "Property")	Completed in 1981, the property comprises a semi-detached house with a two-car carport, a roof area and garden area.	Upon our inspection and according to the information provided by the Group, the Property is currently vacant.	HK\$30,000,000 (HONG KONG DOLLARS THIRTY MILLION ONLY)
All those 24/200th shares or parcels of ground known and registered at the Land Registry as in Lot No. 524 in D.D. 238	According to Rating and Valuation Department and the sale-brochure of the development, the property has a saleable area of about 1,604 square feet (149.00 square metres), excluding ancillary area of roof area of about 620 square feet (57.60 square metres), garden area of about 700 square feet (65.03 square metres) and two car parking spaces.	D.D. 238 is held under Government Lease for a term of 99 years from 1st July 1898 less the last three days and statutorily been extended to 30th June 2047 without paying additional land premium but an annual Government Rent equal to 3% of the Rateable Value from time to time.	(100% interest attributable to the Company: HK\$30,000,000 (HONG KONG DOLLARS THIRTY MILLION ONLY))

Notes:

1. Pursuant to our recent Land Registration Record(s), the current registered owner is "HOOWIN LIMITED" vide Memorial No. 10110501160097 dated 15th October 2010.
2. Pursuant to the recent land registration record, the Property is subject to the following salient encumbrances:
 - (1) Letter of Compliance vide Memorial No. SK119981 dated 4th August 1981;
 - (2) Deed of Mutual Covenant and Management Agreement vide Memorial No. SK581239 dated 21st November 2003;
 - (3) Rent Assignment in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 14061201390018 dated 19th May 2014; and
 - (4) Mortgage to secure General Banking Facilities in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 14061201390023 dated 19th May 2014.
3. The property is situated along Hang Hau Wing Lung Road which branches off Clear Water Bay Road in Sai Kung district of New Territories in Hong Kong. The locality is a residential area dominated by low-density villa developments and village type houses with various ages. The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The proposed MTR Hang Hau Station is located with 15 minutes' drive away from the Property.
4. The Property falls within an area zoned "Residential (Group C)3" on Approved Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/6 ("The Outline Zoning Plan") dated 13th December 2013. This zone is intended primarily for low-rise, low-density residential developments where commercial uses serving the residential neighbourhood may be permitted on application to the Town Planning Board.
5. We have made adjustments to different attributes such as time of the relevant transaction, size and location and building age between the Property and the comparables. Particulars of the five transactions that have been analysed and relied on are summarised as follows:

Land Registry Memorial No.	Date of Transaction	Property Address	Consideration	Effective Area	Unit Rate
23012600330011	1/4/2023	House F, The Woods 6 Pak Shek Wo San Tsuen Road	\$50,000,000	2,491 sq.ft.	\$20,072/sq.ft.
22112200350045	4/11/2022	House C2, Marina Cove Phase 2, 380 Hiram's Highway	\$27,300,000	1,572 sq.ft.	\$17,366/sq.ft.
22091502010186	23/8/2022	House H Ocean View Lodge 28 Hang Hau Wing Road	\$28,500,000	1,840 sq.ft.	\$15,489/sq.ft.
22101200520017	16/9/2022	House F3 Sea View Villa 102 Chuk Yeung Road	\$42,000,000	2,135 sq.ft.	\$19,672/sq.ft.
21102100730017	8/10/2021	House 7 Golden Cove Lookout Phase 1 26 Silver Cape Road	\$38,800,000	2,168 sq.ft.	\$17,897/sq.ft.

The unit rates of comparable transactions are in the range of about HK\$15,489 to HK\$20,072 per square foot. Our valuation falls within these ranges.

1. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. 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:

Name of Director	Capacity/Nature of interest	Number of Shares held/interested (Note 1)	Approximate percentage of shareholding
Mr. Cheung Hoo Win	Interest of controlled corporation (Note 2)	389,799,559 (L)	54.95%

Notes:

- The letter "L" denotes long position in the Shares.
- Mr. Cheung Hoo Win owns approximately 33.33% of the interests of Kenvonia Family Limited. By virtue of the SFO, Mr. Cheung Hoo Win is deemed to be interested in the Shares held by Kenvonia Family Limited.

(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:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested (Note 1)	Approximate percentage of shareholding
Kenvonia Family Limited	Beneficial owner	389,799,559 (L)	54.95%
Cheung Lok Chi	Interest of controlled corporation (Note 2)	389,799,559 (L)	54.95%
Cheung Hoo Yin	Interest of controlled corporation (Note 2)	389,799,559 (L)	54.95%
	Beneficial owner	<u>38,816,381 (L)</u>	<u>5.48%</u>
	Sub-total	<u>428,615,940 (L)</u>	<u>60.43%</u>

Notes:

1. The letter "L" denotes long position in the Shares.
2. Each of Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin owns approximately 33.33% of the interests of Kenvonia Family Limited. By virtue of the SFO, both Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin are deemed to be interested in the Shares held by Kenvonia Family Limited.

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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, proposed directors of the Company or their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting, which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. 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.

7. MATERIAL CONTRACTS

The following contract (not being contracts in the ordinary course of business of the Company) has been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the Provisional Agreement.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who had been engaged by the Company and who has given opinions or advice which are contained or referred to in this circular:

Name	Qualifications
Valuer	An independent property valuer

The Valuer has given and has not withdrawn its written consents to the issue of this circular with the inclusion of the text of its letters, reports, recommendations, opinion, and/or references to its names in the form and context in which it appears.

As at the Latest Practicable Date, the Valuer 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 Valuer 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.

9. 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 Room 1111, 11/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.
- (c) The secretary of the Company is Mr. Wang Chin Mong, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (d) As at the Latest Practicable Date, the principal registrar of the Company is Ocorian Management (Bermuda) Limited at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (e) 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.
- (f) The English texts of this circular shall prevail over the Chinese texts, in case of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on display (i) on the investor website of the Company at <https://www.irasia.com/listco/hk/styland/>; (ii) the website of the Stock Exchange at <https://www.hkexnews.hk/index.htm>; 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, for the period of 14 days commencing from the date of this circular:

1. the published annual reports of the Company containing audited consolidated financial statements of the Company for the years ended 31 March 2020, 2021 and 2022;
2. the published interim report of the Company containing unaudited consolidated financial statements of the Company for the six months ended 30 September 2022;
3. the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
4. the property valuation report as set out in Appendix II to this circular;
5. the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix;
6. the Provisional Agreement; and
7. this circular.