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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: 1482)**

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF ENTIRE EQUITY INTERESTS OF A SUBSIDIARY**

#### **THE PROVISIONAL AGREEMENT**

On 24 March 2017, the Vendor, a wholly owned subsidiary of the Company as vendor, the Company as guarantor and the Purchaser as purchaser entered into the conditional Provisional Agreement in relation to the Disposal for a consideration of HK\$108,000,000 in cash.

#### **LISTING RULES IMPLICATIONS**

As the relevant percentage ratio exceeds 5% but below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that on 24 March 2017, after arm's length negotiations, the Vendor, a wholly owned subsidiary of the Company as vendor, the Company as guarantor and the Purchaser as purchaser entered into the conditional Provisional Agreement in relation to the Disposal for a consideration of HK\$108,000,000 in cash.

#### **THE PROVISIONAL AGREEMENT**

**Date:** 24 March 2017

**Parties:**

(1) Vendor:	the Vendor
(2) Guarantor:	the Company
(3) Purchaser:	the Purchaser

\* For identification purpose only

The Purchaser is a company incorporated in Hong Kong with limited liability and to the Directors' knowledge and understanding, the Purchaser is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Party.

## **ASSETS TO BE DISPOSED**

Pursuant to the Provisional Agreement, the Vendor has agreed to dispose and the Purchaser has agreed to acquire the Sale Shares, which represents the entire issued share capital of the Target Company and the Sale Loans, being the rights to all debts owing by the Target Company to any members of the Group.

## **CONSIDERATION**

The consideration for the Disposal will be HK\$108,000,000 (the "**Purchase Price**"), which shall be satisfied by the Purchaser in cash in the following manners:

- (a) an initial deposit of HK\$5,000,000.00 shall be paid by the Purchaser to the Vendor's solicitors as stakeholders upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$5,800,000 shall be paid by the Purchaser to the Vendor's solicitors as stakeholders on or before 7 April 2017;
- (c) 90% of the consideration in the sum of HK\$97,200,000 shall be paid by the Purchaser to the Vendor upon Completion.

The Vendor agrees that should the Purchaser fails to complete the sale and purchase herein on or before 31 July 2017, the Purchaser can have the right to extend the completion date to 15 September 2017 by paying additional 15% of Purchase Price as part payment and further deposit to the Vendor.

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, the financial position of the Target Group and the cash inflow from the Disposal.

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

## **CONDITIONS**

Completion is subject to (A) the Purchaser having reasonably satisfied that (i) (through verification from the records of the Target Company) the Vendor is the only beneficial owner of the Sale Shares (free from all encumbrance) and the Sale Loans (if any); (ii) the results of the legal and financial due diligence on the Target Company; (iii) discharge by the Vendor of all liabilities (save and except those current liabilities shown in the apportionment account) of the Target Company and all other collateral documents incidental thereto (collectively "**the existing legal charge**") on or before Completion provided that, if there

exists the Sale Loans, the Sale Loans to be assigned to the Purchaser shall not be construed as liabilities provided further that the Vendor may use the balance of the Purchase Price payable by the Purchaser hereunder or part thereof to discharge the existing legal charge; (iv) the Target Company shall have proved and shown good title to the Property; and (v) after the signing hereof, the Target Company shall not enter into any transaction except in the ordinary course of business or as contemplated by the Provisional Agreement unless the prior written consent of the Purchaser has been obtained provided that the consent of the Purchaser shall not be unreasonably withheld or delayed; and (B) the Guarantor having complied with all applicable requirements under applicable laws and regulations (including but not limited to the Listing Rules) regarding the Provisional Agreement and the transactions contemplated thereunder.

The Purchaser shall have the right to waive condition (A) and the Vendor shall have the right to waive condition (B).

### **FORMAL AGREEMENT**

The Vendor and the Purchaser shall use their best endeavours to negotiate with a view to entering into the Formal Agreement on or before 7 April 2017, failing which the terms of the Provisional Agreement shall continue to be valid and binding on the parties thereto.

### **COMPLETION**

Completion of the Provisional Agreement is expected to take place on or before 31 July 2017 (extensible by the Purchaser to 15 September 2017 by paying additional 15% of Purchase Price as part payment and further deposit to the Vendor).

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

### **DEFAULT**

Should the Purchaser fail to complete the transaction in accordance with the terms thereof, the deposit(s) shall be forfeited to the Vendor to the extent of an amount equivalent to 10% of the Purchase Price (or 25% of the Purchase Price if the Purchaser exercise its right to extend the completion date to 15 September 2017) and the Vendor may forthwith rescind the transaction by giving a notice of rescission in writing to the Purchaser without prejudice to the Vendor's right to claim specific performance. The Vendor shall also be entitled to retain the balance of the deposit(s) paid as security for payment of compensation for any loss or damage suffered by the Vendor.

Should the Vendor fails to complete the transaction in accordance with the terms thereof, the Vendor shall immediately refund all deposit(s) paid to the Purchaser without prejudice to the Purchaser's right to claim specific performance.

### **INFORMATION OF THE TARGET GROUP AND THE PROPERTY**

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. The Target Company is a wholly owned subsidiary of the Company.

The Hong Kong Company is a company incorporated in Hong Kong with limited liability and is principally engaged in property investments. The Hong Kong Company is wholly owned by the Target Company. The Hong Kong Company is the registered and beneficial owner of the Property and the Property is the main asset of the Hong Kong Company.

Based on the unaudited consolidated management accounts of the Target Company, it is estimated that upon Completion, the Group will record a loss of approximately HK\$15 million before expenses upon Completion. The Group originally acquired the Target Group, which then held the Property, at the consideration of approximately HK\$83 million (the “**Acquisition Cost**”) in 2012. The difference between the Purchase Price and the original Acquisition Cost would be approximately HK\$25 million.

Set out below is the unaudited consolidated financial information of the Target Group for the years ended 31 March 2015 and 31 March 2016 and for the period from 1 April 2016 to 30 September 2016:

	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2016</b>	<b>For the period from 1 April 2016 to 30 September 2016</b>
	<i>(in HK\$'000)</i>	<i>(in HK\$'000)</i>	<i>(in HK\$'000)</i>
	(unaudited)	(unaudited)	(unaudited)
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Turnover	1,195	1,784	1,184
Profit before tax	896	21,246	12,520
Net asset value	19,346	40,592	53,112

## **REASONS FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

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

In light of the beginning of the rate hiking cycle in the US, the Company considers that the Disposal is an opportunity for the Company to realize its investments in the Target Group. Furthermore, taking into consideration of the proceeds from the Disposal, the Company considers it can reutilize the net proceeds of HK\$39 million from the Disposal towards general working capital of the Group or other appropriate investments opportunities for better return for its Shareholders. Further, the proceeds from the Disposal can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development.

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.

## LISTING RULES IMPLICATIONS

The entering into of the Provisional Agreement and the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company” or “Guarantor”	Styland Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Provisional Agreement or the Formal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loans
“Formal Agreement”	the formal agreement to be entered into among the Company, the Vendor and the Purchaser regarding the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	Treasure Profit Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Target Company
“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 persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property located at 23rd Floor (including the lavatories), Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong

“Provisional Agreement”	the conditional provisional sale and purchase agreement dated 24 March 2017 entered into by the Vendor, the Guarantor and the Purchaser in relation to the Disposal by the Vendor of the Sale Shares and the Sale Loans
“Purchaser”	Honour Great Holdings Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Sale Loans”	the entire shareholders loans to the Target Company being the rights to all debts owing by the Target Company to any members of the Group
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	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
“Target Company”	Full Bright Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Target Group”	together the Target Company and the Hong Kong Company
“Vendor”	Styland (Development) Limited, a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Styland Holdings Limited**  
**Zhao Qingji**  
*Chairman*

Hong Kong, 24 March 2017

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