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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

(Warrant Code: 2403)

INSIDE INFORMATION LETTER OF INTENT IN RELATION TO A POSSIBLE DISPOSAL

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POSSIBLE DISPOSAL

The Board is pleased to announce that, on 22 March 2024 (after trading hours), the Seller and the Buyer entered into a non-legally binding Letter of Intent in relation to the possible disposal of the Sale Shares.

The consideration for the Sale Shares shall be HK\$40 million which shall be settled by (i) HK\$10 million in cash upon signing of the formal and binding sale and purchase agreement; and (ii) the Buyer's issue of the Promissory Notes. The three unsecured Promissory Notes proposed to be issued by the Buyer as part of the Consideration, each in the principal amount of HK\$10 million bearing an interest rate of up to 12% per annum (to be determined after the Buyer's due diligence on the Target Group) with the maturity date of the first Promissory Note being on a date falling on the expiry of six months from the completion of the Possible Disposal and for each subsequent Promissory Note, falling on the expiry of the six months from the maturity date of the previous Promissory Note.

The Consideration is determined based on the net asset value as stated in the unaudited management accounts of the Target Company as at 31 January 2024, amounting to approximately HK\$36 million. The net asset value excludes the aggregate shareholder's loan in the amount of approximately HK\$352 million owed by the Target Group to the Company, which shall be waived by the time of completion of the formal and binding sale and purchase agreement.

Exclusivity and binding effect

In consideration of the Buyer agreeing to expend management time and resources and incur professional fees, costs and expenses in connection with its evaluation of the Target Group, the Seller has agreed to grant the Buyer the Exclusivity Period from the date of the Letter of Intent up to and including 11.59 p.m. on 30 June 2024 or such later date as the Seller and the Buyer may agree in writing.

It is agreed, amongst other things, that during the Exclusivity Period, the Seller shall not:

- (i) dispose of (directly or indirectly) any legal or beneficial interest in or voting rights attaching to the shares of the Target Company or the subsidiaries of the Target Company, whether or not subject to conditions, to do so;
- (ii) enter into discussions or negotiations with any person except the Buyer in connection with any proposed sale of the Target Group or any part thereof or the business or any part of the business of the Target Group;
- (iii) solicit or encourage any other person except the Buyer to make any proposal or offer to purchase with regard to the shares of any company in the Target Group, or entertain any such proposal or offer from any other person except the Buyer (whether solicited or not);
- (iv) enter into any agreement or arrangement with any person except the Buyer with respect to any such proposal or offer (whether or not completion of such proposal or offer would take place during the Exclusivity Period); or
- (v) give or make available to any person or allow any person to retain except the Buyer any information (not being information publicly available) relating to any company of the Target Group for the purposes of any of the above activities or otherwise than in the ordinary course of business.

Save for certain provisions relating to exclusivity, costs, confidentiality, governing law and jurisdiction, the Letter of Intent shall have no legal binding effect.

Formal and Binding Sale and Purchase Agreement

Unless otherwise agreed between the Seller and the Buyer, the Letter of Intent shall automatically lapse on 30 June 2024 if a formal and binding sale and purchase agreement in respect of the Possible Disposal is not entered into by the Seller and the Buyer during the Exclusivity Period.

Completion of the Possible Disposal under the formal and binding sale and purchase agreement shall be subject to certain conditions precedent, including but not limited to the approval of the Possible Disposal from the Stock Exchange and the Securities and Futures Commission of Hong Kong.

INFORMATION OF THE TARGET COMPANY

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

INFORMATION OF BUYER

The Buyer is a limited liability company incorporated in Hong Kong. The Buyer is principally engaged in investment holding.

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

REASONS FOR THE POSSIBLE DISPOSAL

The principal activities of the Group consist of investment holdings, provision of financial services, mortgage financing, insurance brokerage, property development and investment, and securities trading.

The financial services segment operated by the Target Group has been loss-making for the past seven years and the Group had to continue to invest a lot of financial resources, manpower and time in the business segment in order to keep the business segment in operation. On the other hand, the mortgage financing segment has been consistently profitable, with a segment profit of at least approximately HK\$4.9 million for each of the past seven years and the Group intends to focus on developing such segment.

The Board considers that the Possible Disposal is an opportunity for the Company to realise its investment and use the proceeds from the Possible Disposal to repay part of the existing borrowings of the Group. In addition, the proceeds from the Possible Disposal shall further strengthen the cash flow and financial position of the Group and allows the Group to focus on more profitable business segments such as mortgage financing, and reallocate its resources for future business development. Based on the foregoing, the Board considers that the Possible Disposal is in the interest of the Company and the shareholders of the Company as a whole.

GENERAL

The Letter of Intent may or may not lead to the entering into of a formal and binding agreement for the Possible Disposal. Should the Possible Disposal materialise, it may constitute a notifiable transaction for the Company under the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders' approval requirements under the Listing Rules as and when appropriate.

The Possible Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and/or other securities of the Company.

DEFINITIONS

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

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| “Board” | the board of Directors |
| “Buyer” | R & J Funds Limited |
| “Company” | Styland Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange |
| “Consideration” | the consideration for the Sale Shares |
| “Directors” | the directors of the Company |
| “Exclusivity Period” | the period of exclusivity granted to the Buyer under the Letter of Intent, which commence from the date of the Letter of Intent up to and including 11.59 p.m. on 30 June 2024 or such later date as the Seller and the Buyer may agree in writing |
| “Group” | the Company, together with its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Letter of Intent” | a letter of intent entered into between the Seller and the Buyer on 22 March 2024 in relation to the Possible Disposal |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange |
| “Possible Disposal” | the possible disposal of the Sale Shares by the Seller to the Buyer |
| “Promissory Note(s)” | the three promissory notes proposed to be issued by the Buyer to the Seller as part of the Consideration |
| “Sale Shares” | the entire equity interests in the Target Company |
| “Seller” | the Company |

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| “Share(s)” | ordinary 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” | Ever-Long Holdings Limited |
| “Target Group” | Target Company and subsidiaries of the Target Company |
| “%” | per cent |

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

Hong Kong, 22 March 2024

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