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If you have sold or transferred all your shares in Styland Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
TREASURE GLASSHOUSE LIMITED
AS PART OF SETTLEMENT**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Shenyin Wanguo Capital (H.K.) Limited

A letter from the Board is set out on pages 6 to 27 of this circular and a letter from the Independent Board Committee is set out on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 44 of this circular.

A notice convening the SGM to be held at 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on 29 October 2013 at 11:00 a.m. is set out on pages 55 to 57 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

11 October 2013

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DEFINITIONS

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

“Amendments”	the proposed amendments of the terms of the Settlement as contemplated under the Supplemental Settlement Deed
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the Board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are open for business in Hong Kong throughout their normal business hours
“Cheung’s Further Judgment Interest”	the interest on Cheung’s Principal accrued annually at judgment rate from the following date of the Order until full payment of Cheung’s Principal
“Cheung’s Judgment Debt”	together Cheung’s Principal, Cheung’s Judgment Interest and Cheung’s Further Judgment Interest
“Cheung’s Judgment Interest”	the interest on Cheung’s Principal compounded annually at the rate of 1% above HSBC’s Prime Rate from the respective dates of the transactions concerned until the date of the Order
“Cheung’s Principal”	the sum of HK\$79,000,000 which Mr. Cheung should pay to the Company pursuant to the Order
“Commercial Property”	the property located at 23rd Floor (including the lavatories), Far East Consortium Building, 121 Des Voeux Road, Central, Hong Kong
“Company” or “Transferee”	means Styland Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 211)
“Completion of the TGL Transfer”	completion of the transfer of the TGL Shares and the assignment of the TGL Loan in accordance with the terms and conditions of the TGL Sale and Purchase Agreement
“Completion of the Transfer”	completion of the transfer of the entire equity interests of Full Bright Global Limited as disclosed in the circular of the Company dated 14 August 2012
“Connected Person(s)”	has the meaning given to that term in the Listing Rules

DEFINITIONS

“Directors”	directors of the Company
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and repurchase or sales and leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Independent Board Committee”	an independent board committee of the Company, comprising Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip, all being the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Shenyin Wanguo Capital (H.K.) Limited, the independent financial adviser appointed by the Company and approved by the Independent Board Committee as to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder
“Independent Shareholders”	shareholders other than Mr. Cheung, Ms. Yeung and their respective associates
“Independent Third Party(ies)”	(a) 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

DEFINITIONS

“Judgment” or “Order”	the judgment dated 7 March 2012 and made by the Honourable Mr. Justice Barma in HCMP No. 1702 of 2008, wherein Mr. Cheung was judged, amongst other things, to pay to the Company Cheung’s Judgment Debt and Ms. Yeung was judged, amongst other things, to pay to the Company Yeung’s Judgment Debt
“Judgment Debts”	together Cheung’s Judgment Debt and Yeung’s Judgment Debt
“Latest Practicable Date”	8 October 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or property, results of operations of the TGL Group as a whole
“Mr. Cheung”	Mr. Cheung Chi Shing, a substantial Shareholder and a judgment debtor under the Order
“Ms. Yeung”	Ms. Yeung Han Yi Yvonne, a substantial Shareholder and a judgment debtor under the Order
“Paying Parties” or “Transferors”	together Mr. Cheung and Ms. Yeung
“PRC”	The People’s Republic of China
“Residential Property”	House A, Ocean View Lodge, Lot No. 524 in D.D. 238, Sai Kung, New Territories, Hong Kong
“Settlement”	the settlement of the Judgment Debts by the Paying Parties pursuant to the terms and conditions of the Settlement Agreement
“Settlement Agreement”	the conditional settlement agreement dated 26 June 2012 and entered into between the Company and the Paying Parties which set out the principal terms agreed between the parties thereto in relation to the Settlement
“SFO”	the Securities and Futures Ordinance

DEFINITIONS

“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Settlement Deed”	the supplemental settlement deed dated 19 August 2013 and entered into between the Company and Mr. Cheung in relation to the Amendments
“Supplemental TGL SPA”	the supplemental agreement dated 11 September 2013 and entered between the Company and the Transferors in relation to amendments of certain terms of the TGL Sale and Purchase Agreement
“Tenancy Agreement”	the tenancy agreement to be entered upon Completion of the TGL Transfer as contemplated under the Supplemental TGL SPA among Hoowin Limited as landlord, the Tenant as tenant and Mr. Cheung as guarantor in relation to, among others, the letting of the Residential Property to the Tenant by Hoowin Limited
“Tenant”	K.C. (Asset) Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Cheung
“TGL”	Treasure Glasshouse Limited, a company incorporated in the British Virgin Islands with limited liability, being the sole legal and beneficial owner of Hoowin Limited
“TGL Group”	together TGL and Hoowin Limited and the expression of “member of the TGL Group” shall be construed accordingly
“TGL Loan”	all obligations, liabilities and debts owing or incurred by TGL and/or Hoowin Limited to the Transferors and their respective associates on or at any time prior to Completion of the TGL Transfer whether actual contingent or deferred and irrespective of whether the same is due and payable on Completion of the TGL Transfer, which as at 31 July 2013, amounted to approximately HK\$34,512,570

DEFINITIONS

“TGL Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 August 2013 and entered into between the Company as transferee and the Transferors as transferors in relation to the sale and purchase of the TGL Shares and the TGL Loan
“TGL Shares”	1,000 issued shares of TGL, as to 499 shares are owned by Mr. Cheung and as to 501 shares are owned by Ms. Yeung and representing the entire issued share capital of TGL
“TGL Transfer”	the transfer of the TGL Shares and the assignment of the TGL Loan from the Transferors to the Transferee pursuant to the terms and conditions of the TGL Sale and Purchase Agreement
“Yeung’s Further Judgment Interest”	the interest on Yeung’s Principal accrued annually at judgment rate from the following date of the Order until payment of Yeung’s Principal
“Yeung’s Judgment Debt”	together Yeung’s Principal, Yeung’s Judgment Interest and Yeung’s Further Judgment Interest
“Yeung’s Judgment Interest”	the interest on Yeung’s Principal compounded annually at the rate of 1% above HSBC’s Prime Rate from 7 July 2000 until the date of the Order
“Yeung’s Principal”	the sum of HK\$6,950,000 which Ms. Yeung should pay to the Company pursuant to the Order
“%”	per cent.

LETTER FROM THE BOARD



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

Directors:

Executive Directors:

Mr. Cheung Hoo Win (*Chief Executive Officer*)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping
Ms. Zhang Yuyan
Ms. Chen Lili

Independent non-executive Directors:

Mr. Zhao Qingji (*Chairman*)
Mr. Yeung Shun Kee
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place
of business in Hong Kong:*

28th Floor, Aitken Vanson Centre
61 Hoi Yuen Road
Kwun Tong
Kowloon
Hong Kong

11 October 2013

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
TREASURE GLASSHOUSE LIMITED
AS PART OF SETTLEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 August 2013 in relation to, among others, the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement.

The TGL Transfer constitutes a discloseable and connected transaction on the part of the Company under the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Mr. Cheung, Ms. Yeung and their respective associates will abstain from voting on the relevant resolution(s) approving the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 11 September 2013, subsequent to the entering into of the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement the Company and the Transferors have entered into the conditional Supplemental TGL SPA dated 11 September 2013 to amend the terms of the TGL Sale and Purchase Agreement such that (i) Hoowin Limited as landlord, K.C. (Asset) Limited as Tenant and Mr. Cheung as guarantor will upon Completion of the TGL Transfer enter into the Tenancy Agreement pursuant to which the Tenant agreed to rent the Residential Property at the monthly rental of HK\$85,000 subject to the terms and conditions of the Tenancy Agreement; and (ii) the Residential Property shall be subject to the Tenancy Agreement upon Completion of the TGL Transfer.

As the proposed entering into of the Tenancy Agreement is part of the transactions contemplated under the TGL Sale and Purchase Agreement (as amended and supplemented by the Supplemental TGL SPA), the Supplemental TGL SPA and the Tenancy Agreement shall be aggregated with the TGL Sale and Purchase Agreement, which constitutes a discloseable and connected transaction on the part of the Company and shall be subject to the announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the voting on the proposed resolution(s) approving the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder. Shenyin Wanguo Capital (H.K.) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard in accordance with the Listing Rules.

The purpose of this circular is:

- (i) to provide the Shareholders with details of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder;
- (ii) to set out the opinion of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder;
- (iii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder; and
- (iv) to give you notice of the SGM to consider and, if thought fit, to approve the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

BACKGROUND OF THE AMENDMENTS AND THE TGL TRANSFER

Reference is made to the announcement and circular (the “**Circular**”) of the Company dated 26 June 2012 and 14 August 2012 respectively in relation to, among others, the entering into the Settlement Agreement regarding to the Settlement of the Judgment Debts.

As at the Latest Practicable Date, Ms. Yeung has fully settled the Yeung’s Judgment Debt in accordance with the terms of the Settlement Agreement.

Pursuant to the Settlement Agreement, the Judgment Debts shall be settled by Mr. Cheung and Ms. Yeung in the following manner:

- (1) Upon the signing of the term sheet dated 7 June 2012, the Paying Parties have paid the Company a sum of HK\$10,000,000 in cash, which have been applied to settled, first, Yeung’s Principal, and then Yeung’s Judgment Interest.
- (2) Mr. Cheung and the Company has on 5 September 2012 executed a deed of set off in accordance with the terms of the Settlement Agreement to set off the loan of HK\$10,000,000 owed by the Company to Mr. Cheung on a dollar to dollar basis against, first, the remaining balance of Yeung’s Judgment Interest and Yeung’s Further Judgment Interest, and any balance thereof shall then be applied to partially set off against Cheung’s Principal.
- (3) On 5 September 2012, Mr. Cheung and Ms. Yeung have procured K.C. (Asset) Limited to transfer to the Company the entire equity interests of Full Bright Global Limited (“**Full Bright**”) at a consideration of HK\$82,616,623 by way of set off against first, Cheung’s Principal or any outstanding balance thereof, and (in respect of any balance thereof) in partial satisfaction of Cheung’s Judgment Interest. Upon Completion of the Transfer Ms. Yeung’s liability and obligations to perform under the Settlement Agreement would have been fulfilled and discharged.
- (4) On 4 January 2013, Mr. Cheung has paid HK\$20,000,000 in cash to the Company in accordance with the Settlement Agreement.
- (5) On 4 May 2013, Mr. Cheung has further paid HK\$20,000,000 in cash to the Company in accordance with the Settlement Agreement.
- (6) On or before 5 September 2013, being 12 months immediately after Completion of the Transfer, Mr. Cheung would have to pay the Company the Final Installment (as defined below).

Further details of the terms of the Settlement have been disclosed in the Circular. As at the Latest Practicable Date, part of the Commercial Property is being rented out and the rest part of the Commercial Property is being offered for lease through property agencies upon the expiration of tenancy agreement in July 2013.

LETTER FROM THE BOARD

According to the terms of the Settlement Agreement, Mr. Cheung should within 12 months immediately after Completion of the Transfer pay to the Company in cash (i) HK\$48,152,494.68 and (ii) Cheung's Further Judgment Interest (together as the "**Final Installment**"), which had become due on 5 September 2013. As at the Latest Practicable Date, Mr. Cheung has paid in accordance with the Settlement Agreement save for the Final Installment. As at the date of the Supplemental Settlement Deed, save for the Final Installment, all the Judgment Debts have been settled in accordance with the terms of the Settlement Agreement and the Final Installment (including the Cheung's Further Judgment Interest) amounts to HK\$51,303,837.15.

The Company announced that on 19 August 2013, after arm's length negotiations between the relevant parties, the Company and Mr. Cheung entered into the Supplemental Settlement Deed to vary and amend certain terms of the Settlement Agreement regarding the settlement of the Final Installment. As contemplated under the Supplemental Settlement Deed, the Company has on 19 August 2013 entered into the TGL Sale and Purchase Agreement with Mr. Cheung and Ms. Yeung in relation to the transfer of the TGL Shares and the TGL Loan as contemplated under the Supplemental Settlement Deed. Details of the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement are set out herein.

THE SUPPLEMENTAL SETTLEMENT DEED

Date: 19 August 2013 (after trading hours)

Parties: (1) the Company
(2) Mr. Cheung

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

Background of the Supplemental Settlement Deed

Pursuant to the Settlement Agreement, Mr. Cheung has agreed to settle Cheung's Judgment Debt in accordance with the terms and conditions of the Settlement Agreement. Pursuant to the terms of the Settlement Agreement, Mr. Cheung shall settle the Final Installment in cash on or before 5 September 2013, being the date falling 12 months immediately after Completion of the Transfer.

After further arm's length negotiations, Mr. Cheung proposes to transfer and procure Ms. Yeung to transfer, the entire beneficial interests of the Paying Parties in the Residential Property held by TGL via Hoowin Limited instead of cash, in partial satisfaction of the Final Installment.

Please refer to the announcements of the Company dated 7 June 2012 and 26 June 2012 and the circular of the Company dated 14 August 2012 for further details of the Settlement.

LETTER FROM THE BOARD

Amendments to the terms of the Settlement Agreement regarding the Final Installment

Subject to and conditional upon the fulfillment of the conditions set out in the Supplemental Settlement Deed, Mr. Cheung and the Company agree that the Final Installment shall be settled in the following manner:

- (a) Mr. Cheung shall procure the Paying Parties to transfer to the Company and/or its nominee(s) the TGL Shares and the TGL Loan within one (1) month upon the fulfillment of the conditions of the Supplemental Settlement Deed at a consideration of HK\$44,914,686 in accordance with the terms and conditions of the TGL Sale and Purchase Agreement, which said consideration payable by the Company shall be set off in partial satisfaction of the following sums in the following priority: (i) Cheung's Further Judgment Interest; (ii) remaining balance of the Cheung's Judgment Interest; and
- (b) the remaining balance of the Cheung's Judgment Interest shall be payable by Mr. Cheung in cash on the same date of the Completion of the TGL Transfer.

Due Diligence Review

The Company shall and shall procure that its advisers and agents, forthwith upon the entering into of the Supplemental Settlement Deed, conduct such review of the assets, liabilities, operations and affairs of TGL, Hoowin Limited and the Residential Property as it may consider appropriate and Mr. Cheung and his advisers and agents shall provide and procure TGL, Hoowin Limited and their agents to provide such assistance as the Company and its adviser and agents may require in connection with such review.

The Company has obtained valuation report on the value of the Residential Property and also copy of the management accounts of TGL Group prior to the entering into of the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement. The Company will further conduct due diligence on the TGL Group and the Residential Property, including but not limited to (i) review of the title of the Residential Property; and (ii) review of the financial positions of TGL and Hoowin Limited including but not limited to review the latest management accounts or audited accounts of TGL and Hoowin Limited.

As part of the due diligence exercise, the Company has obtained and reviewed the management accounts of TGL and audited accounts of Hoowin Limited, both of which cover the period from 1 April 2013 to 31 July 2013. In addition, the Company has also reviewed the audited accounts of Hoowin Limited for the two financial years ended 31 March 2012 and 31 March 2013. The title checking on the Residential Property is in progress and relevant title deeds on the Residential Property have been received and requisition have been made on the review of the title deeds and as at the Latest Practicable Date, no material title defects of the Residential Property have been noted by the Company. The Company will make further announcement(s) should any material title defects to the Residential Property be identified.

The due diligence review is expected to be completed on or before 31 October 2013.

LETTER FROM THE BOARD

Conditions

The Supplemental Settlement Deed and the Amendments contemplated thereunder shall be conditional upon and subject to the fulfillment of the following conditions:

- (a) the Company being satisfied with the results of the due diligence review to be conducted on TGL, Hoowin Limited and the Residential Property;
- (b) the Company being satisfied that there are no title defects to the Residential Property and it is free from all encumbrances;
- (c) production of written evidence by the Paying Parties to the satisfaction of the Company that all debts and liabilities of TGL and Hoowin Limited (other than the TGL Loan) having been discharged, released, waived or extinguished on or before 5 September 2013;
- (d) all necessary consents and approvals required to be obtained on the part of the Company and the Paying Parties having been obtained and remain in full force and effect at the date of Completion of the TGL Transfer;
- (e) the passing by the Independent Shareholders (other than the Paying Parties and their respective associates and those Shareholders who have a material interest in the transactions contemplated under the Amendments), who are entitled to vote and not required to be abstained from voting under the Listing Rules at the SGM to be convened and held, of resolution(s) to approve the Amendments and the transactions contemplated thereby (including but not limited to the transfer of the TGL Shares and the TGL Loan under the TGL Sale and Purchase Agreement), and all other consents and acts required to be obtained by the Company under the Listing Rules and/or other applicable laws and regulations having been obtained and completed;
- (f) the obtaining of a valuation report (“**Valuation Report**”) (in such form and substance satisfactory to the Company) from a firm of independent professional valuers appointed by the Company showing the valuation of the Residential Property to be not less than HK\$46 million;
- (g) if required under the Listing Rules, the despatch of the circular of the Company in accordance with the requirements under the Listing Rules;
- (h) the Company being satisfied that there has not been any material adverse change in respect of TGL, Hoowin Limited and/or the status of the Residential Property;
- (i) the entering into of the TGL Sale and Purchase Agreement and the TGL Sale and Purchase Agreement having become unconditional (other than the condition of the Supplemental Settlement Deed to become unconditional); and
- (j) no occurrence of any event of default as set out below and the warranties as set out in the Supplemental Settlement Deed remaining true, accurate and complete and not misleading in all respects.

LETTER FROM THE BOARD

The conditions set out above are incapable of being waived by the parties thereto. If the conditions set out above have not been satisfied or fulfilled on or before 31 October 2013 or such other date as the Company and Mr. Cheung may agree, the Supplemental Settlement Deed shall cease and terminate and the Company shall be remitted to and be entitled to forthwith exercise and enforce against Mr. Cheung and his assets in respect of the outstanding amount of Cheung's Judgment Debt and any interest accrued thereon and/or any outstanding balance thereof all such rights and remedies as the Company would have been entitled to exercise as if the Supplemental Settlement Deed had never been executed.

As at the Latest Practicable Date, save for condition (f), the other conditions have not been fulfilled yet.

Events of Default

Without prejudice to the terms set out in the Order and the Settlement Agreement, there shall be an event of default if any one of the following events shall have occurred or is continuing:

- (a) the Paying Parties fail to duly perform or observe any of his/her obligations under the Supplemental Settlement Deed and/or the Settlement Agreement and/or the TGL Sale and Purchase Agreement;
- (b) any of the representations or warranties by any of the Paying Parties contained in the Supplemental Settlement Deed and/or the Settlement Agreement and/or the TGL Sale and Purchase Agreement or made pursuant thereto proves to have been untrue or incorrect when made or deemed to have been made;
- (c) Mr. Cheung fails to pay in accordance with the terms of the Supplemental Settlement Deed any sums thereunder when they fall due;
- (d) any of the Paying Parties, TGL and Hoowin Limited becomes bound to repay prematurely any other loan or other obligation for borrowed money by reason of a default by him/her/it or if he/she/it fails to make any payment in respect thereof on a due date for such payment or becomes bound to make payment under any guarantee given by him/her/it by reason of a default by the principal debtor or if he/she/it fails to make any payment in respect thereof on the due date for such payment or any present or future security on or over any asset of any of the Paying Parties, TGL or Hoowin Limited becomes enforceable;
- (e) any decree or order is made by any competent court adjudging any of the Paying Parties, TGL or Hoowin Limited insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction to which he/she/it may be subject or any order or application is made for the appointment of any liquidator, receiver, trustee, curator or sequestrator or other similar official of any of the Paying Parties, TGL or Hoowin Limited in respect of all or a substantial part of his/her/its assets;

LETTER FROM THE BOARD

- (f) any of the Paying Parties, TGL or Hoowin Limited becomes insolvent, is unable to, or shall admit inability to pay its debts as they fall due; stops payment to creditors generally; disposes or threatens to dispose of all or a substantial part of his/her/its assets; proposes or takes any action for readjustment, rescheduling, deferral or a moratorium of all or part of his/her/its debts; proposes or enters into any composition, arrangements with or any assignment for the benefit of his/her/its creditors generally;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of any of the Paying Parties, TGL or Hoowin Limited;
- (h) all necessary consent, approval and authorisation of any governmental and/or regulatory authorities, including but not limited to the approval from the Stock Exchange on the circular and the independent shareholders' approval to be obtained by the Company under the Listing Rules, thereof required for or in connection with the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of the Supplemental Settlement Deed and/or the TGL Sale and Purchase Agreement is revoked or withheld or materially modified or otherwise ceases to be in full force and effect;
- (i) the Settlement Agreement, the Supplemental Settlement Deed and/or the TGL Sale and Purchase Agreement ceases to be in full force and effect or the validity or enforceability thereof or any indebtedness or any other obligation of any of the Paying Parties or other obligor thereunder is disaffirmed by or on behalf of any of the Paying Parties or such obligor;
- (j) any step is taken by any person for the winding-up, liquidation, dissolution or bankruptcy of any of the Paying Parties, TGL or Hoowin Limited;
- (k) any action or proceeding of or before any court or authority shall be commenced (and not withdrawn or dismissed within a period of twenty-one (21) days after its commencement) to enjoin or restrain the performance of and compliance with any obligations expressed to be assumed by any of the Paying Parties in the Supplemental Settlement Deed, the Settlement Agreement and/or the TGL Sale and Purchase Agreement or in any event to question the right and power of any of the Paying Parties to enter into, exercise its rights under and perform and comply with any obligations expressed to be assumed by any of them in the Supplemental Settlement Deed, the Settlement Agreement and/or the TGL Sale and Purchase Agreement or the legality, validity and enforceability of the Supplemental Settlement Deed, the Settlement Agreement and/or the TGL Sale and Purchase Agreement;
- (l) it is or will become unlawful for any of the Paying Parties to perform or comply with any one or more of its obligations under the Supplemental Settlement Deed and/or the TGL Sale and Purchase Agreement;

LETTER FROM THE BOARD

- (m) there should occur in the reasonable opinion of the Company a material adverse change in the condition (financial or otherwise) of any of the Paying Parties, TGL and/or Hoowin Limited;
- (n) anything is done or omitted by any of the Paying Parties which in the reasonable opinion of the Company, materially affects the ability of any of the Paying Parties, TGL or Hoowin Limited to perform its obligations under the Supplemental Settlement Deed and/or the TGL Sale and Purchase Agreement; or
- (o) any event of default under the Settlement Agreement, the Supplemental Settlement Deed and/or the TGL Sale and Purchase Agreement (including but not limited to any breach of warranties) shall have occurred or is continuing.

In each and every case that an event of default occurs, without prejudice to any rights or remedies available to the Company, the Company shall be remitted to and be entitled to forthwith exercise and enforce against Mr. Cheung and his assets in respect of the outstanding amount of his judgment debt and any interest accrued thereon and/or any outstanding balance thereof all such rights and remedies as the Company would have been entitled to exercise as if the Supplemental Settlement Deed had never been entered into.

Costs and Expenses

Mr. Cheung shall bear and reimburse all costs and expenses incurred and to be incurred by the Company in connection with the preparation, negotiation, execution and performance of the Supplemental Settlement Deed and all documents incidental or relating to the Amendments.

THE TGL SALE AND PURCHASE AGREEMENT

Pursuant to the terms of the Supplemental Settlement Deed, Mr. Cheung shall and shall procure Ms. Yeung to transfer to the Company and/or its nominee(s) the TGL Shares and the TGL Loan within one (1) month upon the fulfillment of the conditions set out in the Supplemental Settlement Deed at a consideration of HK\$44,914,686 in accordance with the terms and conditions of the TGL Sale and Purchase Agreement. On 19 August 2013, Mr. Cheung and Ms. Yeung as transferors and the Company as transferee entered into the conditional TGL Sale and Purchase Agreement in relation to the TGL Transfer.

Date: 19 August 2013 (after trading hours)

Parties:

Transferors: (1) Mr. Cheung and Ms. Yeung (together as the “**Transferors**”)

Transferee: (2) The Company

Mr. Cheung is the legal and beneficial owner of 49.9% of the issued share capital of TGL and Ms. Yeung is the legal and beneficial owner of 50.1% of the issued share capital of TGL. In other words, the Transferors are interested in the entire issued share capital of TGL, the holding company of Hoowin Limited, which in turn holds the Residential Property.

LETTER FROM THE BOARD

The Residential Property was purchased by Hoowin Limited in October 2010 with the consideration of approximately HK\$26,800,000.

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

Interests to be Acquired

Pursuant to the TGL Sale and Purchase Agreement, the Transferors shall as beneficial owners (i) transfer the TGL Shares to the Transferee free from all Encumbrances together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof at any time on or after the date of the TGL Sale and Purchase Agreement; and (ii) assign and transfer the TGL Loan to the Transferee free from all Encumbrances together with all rights, title, benefits and interests of the Transferors in the TGL Loan with all rights now and hereafter attaching thereto with effect from the Completion of the TGL Transfer.

Consideration

The aggregate consideration for the transfer of the TGL Shares and the assignment of the TGL Loan shall be the sum of HK\$44,914,686 which said consideration payable by the Transferee shall be settled by way of set off against in partial satisfaction of the following sums in the following priority: (i) Cheung's Further Judgment Interest; (ii) remaining balance of the Cheung's Judgment Interest.

The consideration was determined with reference to the valuation of the Residential Property of HK\$46 million according to the valuation report from a firm of independent professional valuers appointed by the Company, and a discount of HK\$1.2 million, representing a discount of 2.6% on the valuation, offered by the Transferors, together with a cash balance or net cash equivalent assets of the TGL Group of not less than HK\$114,686 as at Completion of the TGL Transfer. In light of the discount to the valuation, the Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Due Diligence Review

The Transferee shall and shall procure that its agents and advisers shall forthwith upon the signing of the TGL Sale and Purchase Agreement conduct such review of the assets, liabilities, operations and affairs of the TGL Group (including but not limited to the Residential Property) as it may reasonably consider appropriate and TGL and the Transferors shall provide and procure the TGL Group and its agents to provide such assistance as the Transferee or its agents may reasonably require in connection with such review.

LETTER FROM THE BOARD

Conditions

Completion shall be conditional upon and subject to:

- (a) the Transferee being satisfied with the results of the due diligence review to be conducted on the TGL Group;
- (b) the Transferee being satisfied that there are no title defects to the Residential Property and it is free from all Encumbrances;
- (c) save as disclosed in the management accounts of the TGL Group as at 31 July 2013, production of written evidence by the Transferors to the satisfaction of the Transferee that all debts and liabilities of TGL Group (other than the TGL Loan) having been discharged, released, waived or extinguished on or before 31 July 2013;
- (d) all necessary consents and approvals required to be obtained on the part of the Transferee, the Transferor and the TGL Group in respect of the TGL Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (e) if necessary, the passing by the Independent Shareholders (other than Mr. Cheung and Ms. Yeung and their respective associates and those shareholders who have a material interest of the transactions contemplated under the Amendments) who are entitled to vote and not required to be abstained from voting under the Listing Rules at the SGM of the Transferee to be convened and held of the necessary ordinary resolution(s) to approve the Amendments and the transactions contemplated thereby (including but not limited to the TGL Transfer), and all other consents and acts required to be obtained by the Transferee under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (f) the warranties set out in the TGL Sale and Purchase Agreement remaining true, accurate and complete in all respects;
- (g) the obtaining of a valuation report (in form and substance satisfactory to the Transferee) from a firm of independent professional valuers appointed by the Transferee showing valuation of the Residential Property to be not less than HK\$46 million;
- (h) the despatch of circular by the Transferee as required under the Listing Rules;
- (i) the Transferee being satisfied that there has not been any Material Adverse Change in respect of any member of TGL Group since the date of the TGL Sale and Purchase Agreement; and

LETTER FROM THE BOARD

- (j) the entering into of the Supplemental Settlement Deed and the Supplemental Settlement Deed having become unconditional (other than the condition of the TGL Sale and Purchase Agreement to become unconditional).

The conditions set out above are incapable of being waived. If the conditions set out above have not been satisfied on or before 31 October 2013, or such later date as the Transferors and the Transferee may agree in writing, the TGL Sale and Purchase Agreement shall cease and terminate and the Transferee shall be remitted to and be entitled to forthwith exercise and enforce against the Transferors and their respective assets in respect of any outstanding sum under the Cheung's Judgment Debt or any outstanding balance thereof all such rights and remedies as the Transferee would have been entitled to exercise as if the TGL Sale and Purchase Agreement had never been executed. As at the Latest Practicable Date, save for condition (g), the other conditions have not been fulfilled yet.

Mr. Cheung shall forthwith indemnify the Transferee all costs, expenses and disbursements which have been incurred by the Transferee in relation to or in connection with the TGL Transfer, including but not limited to the due diligence review to be conducted thereunder and the title checking on the Residential Property.

Completion

Completion shall take place on the date falling on the third Business Day after the fulfillment of the conditions set out in the TGL Sale and Purchase Agreement, or such later date as the Transferors and the Transferee may agree in writing (but in any event within one (1) month upon the fulfillment of the conditions set out in the TGL Sale and Purchase Agreement). Pursuant to the terms of the TGL Sale and Purchase Agreement (as amended and supplemented by the Supplemental TGL SPA, subject to the approval by the Independent Shareholders), the Residential Property shall be subject to the Tenancy Agreement upon Completion of the TGL Transfer. In the event that the Supplemental TGL SPA will not be approved by the Independent Shareholders at the SGM, the Residential Property will then be delivered with vacant possession upon Completion of the TGL Transfer.

Several Liabilities

The liabilities of Mr. Cheung and Ms. Yeung under the TGL Sale and Purchase Agreement are on a several basis and in the event of breach of the terms of the TGL Sale and Purchase Agreement, without prejudices to other rights and remedies available to the Company, the Company may only entitle to enforce against Mr. Cheung for Cheung's Judgement Debts.

Limitation of Liabilities

The Transferors shall not be liable for any claim made by the Transferee under the TGL Sale and Purchase Agreement, including claim that relates to a breach of any warranties therein or request for indemnification unless written notice containing reasonable details of the claim is served on the Transferors and the liability of the Transferors in connection with the warranties therein and the TGL Sale and Purchase Agreement shall cease on 31 March 2014.

LETTER FROM THE BOARD

INFORMATION OF THE TGL GROUP

TGL

TGL is a company incorporated in the British Virgin Islands on 3 June 2013 and is an investment holding company.

Set below is the financial information of TGL based on its unaudited financial statements:

	For the period from 3 June 2013 (date of incorporation) to 31 July 2013 (Unaudited) HK\$
Loss before taxation	Nil
Loss after taxation	Nil
Net asset value as at 31 July 2013	7,800

Hoowin Limited

Hoowin Limited is a company incorporated in Hong Kong on 11 November 1980 and is principally engaged in investment holding and trading of listed securities. Hoowin Limited is the legal owner of the Residential Property which is currently used by Mr. Cheung. The Residential Property is a 3-storey terraced house together with its external walls, carport and garden areas. It has a gross covered area of 2,380 square feet plus garden of 700 square feet and roof of 620 square feet, and saleable area is approximately 1,604 square feet. Mr. Cheung Hoo Win, a Director of the Company and a son of Mr. Cheung and Ms. Yeung, is not using the Residential Property.

Set below is the financial information of Hoowin Limited based on its audited financial statements for the last two financial years:

	For the year ended 31 March 2012 (Audited) HK\$
Loss before taxation	548,525
Loss after taxation	548,525
Net liabilities as at 31 March 2012	2,815,617

LETTER FROM THE BOARD

	For the year ended 31 March 2013 <i>(Audited)</i> HK\$
Loss before taxation	1,052,662
Loss after taxation	1,052,662
Net liabilities as at 31 March 2013	3,868,279

	For the period from 1 April 2013 to 31 July 2013 <i>(Audited)</i> HK\$
Turnover	2,816,464
Major other income — fair value change on Residential Property	16,963,937
Major expense — loss on disposal of fixed assets	1,092,533
Profit before taxation	15,497,018
Profit after taxation	15,497,018
Total assets:	
Residential Property	46,000,000
Cash at banks	104,944
Other receivables	34,815
	46,139,759
Total liabilities:	
Amount due to ultimate holding company	33,585,946
Other liabilities (<i>note</i>)	25,073
	33,611,019
Net asset value as at 31 July 2013	12,528,740

Note: It included the accrued audit fee and the retention money payable to an interior design company.

The profit for the period was mainly attributable to the valuation surplus of the Residential Property.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the improvement of the financial position of Hoowin Limited for the period from 1 April 2013 to 31 July 2013 was mainly resulted from the valuation surplus of the Residential Property.

As at 31 July 2013, the assets of the TGL Group included the Residential Property with a valuation of HK\$46,000,000 and other current assets of HK\$139,759 while the liabilities comprised the TGL Loan HK\$34,512,570 and other liabilities of HK\$25,073.

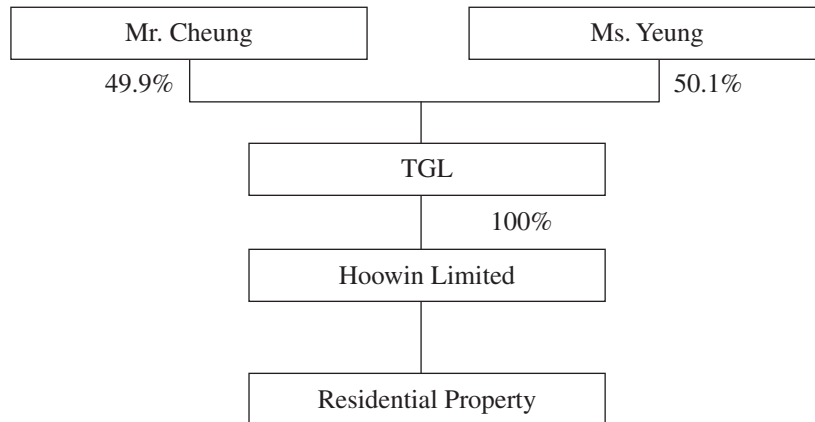
As at the Latest Practicable Date, to the best of the Directors' knowledge and information, TGL and Hoowin Limited are not engaged in any business.

After Completion of the TGL Transfer, TGL and Hoowin Limited shall be treated as subsidiaries of the Group and their results will be consolidated into the consolidated financial statements of the Group.

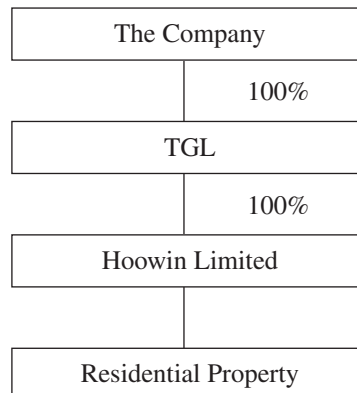
Group Structure

The following charts show the group structure of the TGL Group as at the Latest Practicable Date before and after the Completion of the TGL Transfer:

As at the Latest Practicable Date



Immediately after Completion of the TGL Transfer



LETTER FROM THE BOARD

SUPPLEMENTAL TGL SPA

Pursuant to the original terms of the TGL Sale and Purchase Agreement prior to the entering into of the Supplemental TGL SPA, it was originally expected that the Transferors shall procure the delivery of vacant possession of the Residential Property upon Completion of the TGL Transfer. After further arm's length negotiations, the Transferors and the Company have on 11 September 2013 (after trading hours) entered into of the Supplemental TGL SPA to amend the terms of the TGL Sale and Purchase Agreement such that (i) Hoowin Limited as landlord, K.C. (Asset) Limited as Tenant and Mr. Cheung as guarantor will upon Completion of the TGL Transfer enter into the Tenancy Agreement pursuant to which the Tenant agreed to rent the Residential Property at the monthly rental of HK\$85,000 subject to the terms and conditions of the Tenancy Agreement; and (ii) the Residential Property shall be subject to the Tenancy Agreement upon Completion of the TGL Transfer.

Conditions Precedent

The Supplemental TGL SPA is conditional upon the fulfillment of the following conditions:

- (a) the fulfillment of the conditions of the TGL Sale and Purchase Agreement;
- (b) compliance with the Listing Rules by the parties in respect of the Supplemental TGL SPA; and
- (c) without prejudice to condition (b) above, the passing by the Independent Shareholders at a SGM to be convened and held of an ordinary resolution to approve the Supplemental TGL SPA and the transactions contemplated thereunder, including but not limited to the entering into of the Tenancy Agreement by the relevant parties.

If the conditions set out in above have not been satisfied on or before 31 October 2013, or such later date as the parties thereto may agree, the Supplemental TGL SPA shall cease and terminate as if the Supplemental TGL SPA has not been entered into and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. For the avoidance of doubt, the rights and obligations of the parties under the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement shall not be affected in such case.

Save for the aforesaid amendments to the TGL Sale and Purchase Agreement contemplated under the Supplemental TGL SPA, the other material terms of the TGL Sale and Purchase Agreement remain unchanged. Set out below is the principal terms of the Tenancy Agreement.

LETTER FROM THE BOARD

Legal Effect of the Supplemental TGL SPA

The Supplemental TGL SPA (together with the proposed amendments to the terms of TGL Sale and Purchase Agreement as contemplated thereunder) is conditional upon, among others, the passing by the Independent Shareholders of a separate ordinary resolution approving the same at a SGM.

In the event that the Supplemental TGL SPA shall not be approved by the Independent Shareholders at the SGM whereas all the conditions of the TGL Sale and Purchase Agreement will have been fulfilled, then the Company shall still be entitled to complete the TGL Transfer pursuant to the terms of the TGL Sale and Purchase Agreement (without taking into account of the amendments contemplated under the Supplemental TGL SPA as if the Supplemental TGL SPA has not been entered into), i.e. the Residential Property will be delivered in vacant possession in that case.

In the event that all the conditions of the Supplemental TGL SPA (including the separate Independent Shareholders' approval requirement) have been fulfilled and all the conditions of the TGL Sale and Purchase Agreement will have been fulfilled as well, then the Completion of TGL Transfer shall be taken into consideration of the amendments proposed under the Supplemental TGL SPA, i.e. the Residential Property will be delivered subject to the Tenancy Agreement.

In other words, the Independent Shareholders shall have the discretion at the SGM to determine whether the Residential Property to be subject to the Tenancy Agreement or not and the leasing of the Residential Property to Mr. Cheung as contemplated under the Supplemental TGL SPA is not bundled with the TGL Transfer.

THE TENANCY AGREEMENT

Date: Upon Completion of the TGL Transfer

Parties:

- (1) Hoowin Limited as landlord
- (2) K.C. (Asset) Limited as tenant
- (3) Mr. Cheung as guarantor

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

The Tenant is a company incorporated in the British Virgin Islands with limited liabilities and is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Tenant is wholly and beneficially owned by Mr. Cheung.

LETTER FROM THE BOARD

Principal terms of the Tenancy Agreement

Pursuant to the Tenancy Agreement, the Tenant has agreed to rent and Hoowin Limited has agreed to let the Residential Property on the following terms:

Rental:	HK\$85,000 per month for the first year and at fair market rent for the next 12 months in the event that the Tenant exercises the option to renew
Term:	1 year for fixed terms with an option for the Tenant to rent the Residential Property for the next 12 months
Deposit:	HK\$170,000, equivalent to 2 months rent
Commencement Date:	Upon Completion of the TGL Transfer

Rates, government rent and management fee shall be paid by Hoowin Limited.

The monthly rental was determined with reference to the valuation report on the market rent for the Residential Property from a firm of independent professional valuer appointed by the Company. In light of the valuation, the Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Guarantee by Mr. Cheung

Mr. Cheung has agreed under the Tenancy Agreement to guarantee the performance of the Tenant under the Tenancy Agreement.

REASONS FOR THE AMENDMENTS, THE TGL TRANSFER AND THE TENANCY AGREEMENT

The Company is an investment holding company. The principal activities of the Group consist of investment holdings, securities dealing and broking, financing, trading of securities, general trading and property development and investment.

After payment of substantial part of the Judgment Debts, Mr. Cheung proposed to the Company to vary the terms of the Settlement Agreement so that the Final Installment shall be partially repaid by the TGL Transfer and partially by cash instead of fully by cash. After arm's length negotiations, the Company considers that it is in the interests of the Company and the Shareholders to accept Mr. Cheung's proposal to settle the Final Installment by entering into of the Supplemental Settlement Deed. The Directors have considered alternatives including different modes or methods of enforcement of the Final Installment against Mr. Cheung in the event that Mr. Cheung is unable to settle the Final Installment in accordance with the Settlement Agreement. The Directors have noted that considerable time and financial resources would be needed in the enforcement process while the outcome of enforcement and timing of receiving full payment of the Final Installment in cash (which may involve realisation of Mr. Cheung's assets including his interest in the Residential Property) would be uncertain.

LETTER FROM THE BOARD

Given the uncertainty on the outcome and the time to be required for enforcement of the recovery of Final Installment and that a major portion of the Judgment Debts had already been settled as at the Latest Practicable Date, the Company is of the view that by having the Residential Property to be transferred to the Group instead of receiving cash as repayment of the Final Installment will provide a definite timeline for full settlement of the Judgment Debts. Together with the cash payment to be received from Mr. Cheung upon Completion of the TGL Transfer pursuant to the Supplemental Settlement Deed, it is expected that all the Judgment Debts will be fully settled on the same date of Completion of the TGL Transfer.

An additional reason for accepting the Amendment is that the Group remains confident about the long term development of the property market in Hong Kong. It is the Group's business strategy to identify other investment opportunities in property market to further widen its source of rental income. According to the Settlement Agreement, the Paying Parties had transferred to the Group the Commercial Property from which the Group has gained a 12% increase in its value when compared to its transfer price. The Group believes that through the transfer of TGL Shares the Group would further enhance its property investment portfolio.

As at the Latest Practicable Date, the Group is with sufficient cash reserves to meet its current working capital requirements. The TGL Sale and Purchase Agreement were entered into between the Company and the Transferors after arm's length negotiations. The Company has obtained an independent valuation report showing that the market value of the Residential Property of approximately HK\$46,000,000. In light of the discount to consideration payable by the Company under the TGL Sale and Purchase Agreement to the valuation of the Residential Property and the lack of imminent need for additional cash for the Group, the Directors consider the Amendments and the TGL Transfer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The primary intention of the Company is to hold the Residential Property for investment and rental purpose with a view of gaining return for the Group by way of asset appreciation, the Company will not eliminate the other possibilities to utilize the Residential Property such as directors' quarter in the event that there will be no appropriate tenant for the Residential Property and the Company considers that it is better to fully utilize the Residential Property instead of abandoning the Residential Property when there is no appropriate tenant. In the event if there will be any tenant who is willing to pay market rental for the Residential Property, the Group will lease out the Residential Property as priority. The Directors consider that the proposed entering into of the Tenancy Agreement as contemplated under the Supplemental TGL SPA will allow the Group to have a steady rental income from the Residential Property immediately following Completion of the TGL Transfer instead of waiting for suitable tenant to rent out the Residential Property after Completion of the TGL Transfer. The proposed entering into of the Tenancy Agreement will save the time and costs for the Group to seek appropriate tenant. Moreover, that the Tenant is willing to pay the market rent for the Residential Property.

After Completion of the TGL Transfer, the Group will have legal title of the Residential Property and can dispose of the Residential Property at any time as the Company may consider appropriate. The proposal of leasing back was proposed by Mr. Cheung originally. Subsequently, after further arm's length negotiations, the Transferors and the Company entered

LETTER FROM THE BOARD

into the Supplemental TGL SPA with a contemplation that the Tenancy Agreement to be entered into upon Completion of the TGL Transfer. It is further note that the Tenancy Agreement is a one-year fixed term which implies that Mr. Cheung shall have to either pay the fair market rental after expiry of the initial term or to leave the Residential Property afterward. In other words, Mr. Cheung shall only have the right to use the Residential Property for a relevant short period after Completion of the TGL Transfer. Such factors, together with the fact that it will take time for the Company to seek appropriate tenant after the TGL Transfer should the Tenancy Agreement be not entered into, form the basis of the Board that such arrangement is in the interests of the Company and the Shareholders as a whole.

The rental of HK\$85,000 as contemplated under the Tenancy Agreement was determined with reference to the current market rental of the Residential Property as valued by independent professional valuer by adopting the market approach. In this regard, the Company is of the view that the rent under the Tenancy Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Based on the above, the Board is of the view that the terms of the Amendments, including the terms of the TGL Transfer, are fair and reasonable and the Amendments, the TGL Transfer and the Tenancy Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Cheung is a substantial Shareholder and the father of Mr. Cheung Hoo Win, who is an executive Director and the chief executive officer of the Company. Ms. Yeung is the spouse of Mr. Cheung. As such, Mr. Cheung and Ms. Yeung are connected persons of the Company as defined under Chapter 14A of the Listing Rules. As such, the TGL Transfer is a connected transaction as defined under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the TGL Transfer exceed 5% but less than 25%, the TGL Transfer also constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The TGL Sale and Purchase Agreement and the transactions contemplated thereunder will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Mr. Cheung Hoo Win, being son of Mr. Cheung and Ms. Yeung, has abstained from voting on the relevant board resolutions approving the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement.

Each of Mr. Cheung and Ms. Yeung and their respective associates (including K.Y. Limited) shall abstain from voting on the proposed resolution(s) approving the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM to be convened and held. As at the Latest Practicable Date, in addition to their interests in 802,979,609 Shares as disclosed in Appendix II of this circular, the total shares held by the associates of Mr. Cheung and Ms. Yeung were 22,960,712 Shares.

Mr. Cheung is a substantial Shareholder and the father of Mr. Cheung Hoo Win, who is an executive Director and the chief executive officer of the Company. The Tenant is a company wholly and beneficially owned by Mr. Cheung. As such, Mr. Cheung and the Tenant are connected persons of the Company as defined under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

After Completion of the TGL Transfer, Hoowin Limited will become a wholly owned subsidiary of the Company. As such, the proposed entering into of the Tenancy Agreement will be a connected transaction as defined under Chapter 14A of the Listing Rules.

As the proposed entering into of the Tenancy Agreement is part of the transactions contemplated under the TGL Sale and Purchase Agreement (as amended and supplemented by the Supplemental TGL SPA), the Supplemental TGL SPA and the Tenancy Agreement shall be aggregated with the TGL Sale and Purchase Agreement and shall be subject to the announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip, has been formed to advise the Independent Shareholders in relation to the fairness and reasonableness of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder. Shenyin Wanguo Capital (H.K.) Limited has been appointed as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard in accordance with the Listing Rules.

SGM

The notice convening the SGM to be held at 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on 29 October 2013 at 11:00 a.m. is set out on pages 55 to 57 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or the adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned thereof should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 28 to 29 of this circular which contains its recommendation to the Independent Shareholders on transactions under the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement. Your attention is also drawn to the letter of advice from the Independent Financial Adviser as set out on pages 30 to 44 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder. Based on the advice from the Independent Financial Adviser and the Independent Board Committee, the Board is of the view that the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and recommends the

LETTER FROM THE BOARD

Shareholders to vote in favour of the relevant resolution(s) approving the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement at the SGM.

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Styland Holdings Limited
Ng Yiu Chuen
Director



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

11 October 2013

To the Independent Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
TREASURE GLASSHOUSE LIMITED
AS PART OF SETTLEMENT**

We refer to this circular despatched to the Shareholders on 11 October 2013, in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in this circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 30 to 44 of this circular and the letter from the Board as set out on pages 6 to 27 of this circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other things, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA, the Tenancy Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of the
Independent Board Committee
Styland Holdings Limited

Zhao Qingji
Independent Non-executive Director

Li Hancheng
Independent Non-executive Director

Yeung Shun Kee
Independent Non-executive Director

Lo Tsz Fung Philip
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement for the purpose of incorporation in this circular.



Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Hong Kong

11 October 2013

*To: The Independent Board Committee and the Independent Shareholders of
Styland Holdings Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
TREASURE GLASSHOUSE LIMITED
AS PART OF SETTLEMENT**

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders, in relation to (i) the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement; and (ii) the Supplemental TGL SPA and the proposed entering into of the Tenancy Agreement (the “**Proposed Leasing Arrangement**”), details of which are contained in the “Letter from the Board” in this circular, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this circular unless the context otherwise requires.

On 7 March 2012, the Company received the Judgment, pursuant to which the High Court of Hong Kong ordered the Paying Parties to pay to the Company the Judgment Debts. In consideration of the Company’s forbearance to initiate enforcement proceeding against the Paying Parties for execution of the Order to recover the Judgment Debts, the Company and the Paying Parties entered into the Settlement Agreement on 26 June 2012. The Settlement Agreement set out the manner of settlement of the Judgment Debts, details of which were contained in the circular of the Company dated 14 August 2012 and the “Letter from the Board” in this circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As of the Latest Practicable Date, Yeung's Judgment Debt has been fully settled and Mr. Cheung has paid in accordance with the terms of the Settlement Agreement save for the final installment which was due on 5 September 2013.

According to the terms of the Settlement Agreement, Mr. Cheung should have paid to the Company the final payment in cash comprising (i) HK\$48,152,494.68 and (ii) Cheung's Further Judgment Interest (together as the "**Final Installment**").

On 19 August 2013, the Company and Mr. Cheung entered into the Supplemental Settlement Deed to vary and amend certain terms of the Settlement Agreement regarding the settlement of the Final Installment. As contemplated under the Supplemental Settlement Deed, the Company has on 19 August 2013 entered into the TGL Sale and Purchase Agreement with Mr. Cheung and Ms. Yeung in relation to the transfer of the TGL Shares and the TGL Loan. After further arm's length negotiations, the Company has on 11 September 2013 entered into the Supplemental TGL SPA with the Paying Parties to amend the terms of the TGL Sale and Purchase Agreement such that (i) Hoowin Limited (as landlord), the Tenant and Mr. Cheung (as guarantor) will enter into the Tenancy Agreement in respect of the lease of the Residential Property upon Completion of the TGL Transfer; and (ii) the Residential Property shall be subject to the Tenancy Agreement upon Completion of the TGL Transfer. Details of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement were set out in the "Letter from the Board" in this circular.

Mr. Cheung is a substantial shareholder of the Company and the father of Mr. Cheung Hoo Win, who is an executive Director and the chief executive officer of the Company. Ms. Yeung is the spouse of Mr. Cheung. Accordingly, Mr. Cheung and Ms. Yeung are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Also, Mr. Cheung is the ultimate beneficial owner of the Tenant. As such, the TGL Transfer and the Proposed Leasing Arrangement constitute connected transactions that are subject to the requirements of reporting, announcement and approval of the Independent Shareholders as defined under Chapter 14A of the Listing Rules. Each of Mr. Cheung, Ms. Yeung and their associates are required to abstain from voting on the relevant resolution(s) at the SGM for the purpose.

The Independent Board Committee, comprising Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether (i) the terms of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Amendments, the TGL Transfer and the Proposed Leasing Arrangement are in the interests of the Company and the Shareholders as a whole.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide an independent opinion in relation to the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. BASIS AND ASSUMPTIONS

In formulating our opinion, we have relied upon the statements, information, opinions and representations contained in this circular and the information and representations provided to us by the Company for which it is solely responsible, and to its information and knowledge, were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of this circular. We have assumed that all the opinions and representations made or provided by the Company and the Directors have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided to us and referred to in this circular as well as opinion and representations expressed to us.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and their respective advisers nor to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries or associates.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

Information on the Group

The Company is an investment holding company incorporated in Bermuda with limited liability. The principal businesses of the Group are investment holdings, securities dealing and broking, financing, trading of securities, general trading as well as property development and investment.

Tabularised below are the consolidated financial highlights of the Group for the two years ended 31 March 2013 as extracted from the Company's annual report for the year ended 31 March 2013:

	As at 31 March	
	2013	2012
	(Audited)	(Audited)
	HK\$'000	HK\$'000
Total assets	507,943	420,507
Total liabilities	156,439	109,203
Net assets	351,504	311,304

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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	For the year ended	
	31 March	
	2013	2012
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
— Securities dealing, broking and other financing	13,523	19,306
— Mortgage financing	14,276	7,425
— Property development and investment	845	—
— General trading	6,477	15,383
— Trading of securities	<u>582</u>	<u>486</u>
	<u>35,703</u>	<u>42,600</u>
Profit for the year attributable to owners of the Company	40,200	10,212

As depicted from the table above, the Group's revenue for the year ended 31 March 2013 decreased by approximately 16.2%. Such decrease was primarily due to the decrease in revenue from the Group's brokerage business and general trading business, but partially offset by the increase in revenue from mortgage financing business driven by the overwhelming demand for mortgage loans. Revenue from the Group's securities dealing, broking and other financing businesses for the year ended 31 March 2013 decreased by approximately 30%. This was mainly due to the slow-down of fund raising activities as a result of the volatility of the global financial market during the year ended 31 March 2013. On the other hand, the Group's general trading business was adversely affected by the tight credit control measures. Revenue from the Group's general trading business for the year ended 31 March 2013 decreased by approximately 57.8%.

Despite the decline in revenue, the Group recorded a profit of HK\$40.2 million for the year ended 31 March 2013, representing an increase of approximately 293.7% as compared to HK\$10.2 million for the year ended 31 March 2012. The significant increase in the Group's profit for the year was primarily due to (i) the increase in fair value gain on investment properties to HK\$16 million (2012: HK\$1.5 million) as a result of the soaring property prices and the addition of the Commercial Property to the Group's property investment portfolio during the year ended 31 March 2013; and (ii) the decrease in fair value loss on financial assets at fair value through profit and loss to HK\$6.0 million (2012: HK\$16.6 million). The Commercial Property was transferred to the Group for partial settlement of the Judgment Debts pursuant to the Settlement Agreement. It also contributed rental income of approximately HK\$0.8 million for the year ended 31 March 2013.

As at 31 March 2013, the Group had consolidated net assets of HK\$351.5 million (2012: HK\$311.3 million). The Group's assets mainly comprised loan receivables in respect of its securities dealing, broking and financing businesses, bank balances and cash and two investment properties.

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The investment properties included a residential premise located in the New Territories, Hong Kong held for re-development purpose and the Commercial Property for rental purpose. Both properties were pledged for banking facilities granted to the Group. The major liabilities of the Group were bank borrowings. As at 31 March 2013, the Group's gearing ratio (being total liabilities divided by total assets) was approximately 30.8%.

As learnt from the management of the Group, the mortgage financing business will continue to be a major and stable source of income for the Group in the future. Nevertheless, management of the Group believes that prices of residential and commercial properties in Hong Kong will remain high in light of the short supply of land in Hong Kong and the low interest rates environment. As such, the Group intends to identify other property investment opportunities in order to enhance its property investment portfolio so as to capture potential capital gains and to further widen its sources of rental income.

(A) THE SUPPLEMENTAL SETTLEMENT DEED AND THE TGL SALE AND PURCHASE AGREEMENT

1. The Supplemental Settlement Deed

On 19 August 2013, Mr. Cheung and the Company entered into the Supplemental Settlement Deed to amend the terms of the Settlement Agreement regarding the Final Installment. Detailed terms of the Supplemental Settlement Deed were set out in the "Letter from the Board" in this circular.

Subject to and conditional upon fulfillment of the conditions set out in the Supplemental Settlement Deed, Mr. Cheung and the Company agree that the Final Installment shall be settled in the following manner:

- (1) Mr. Cheung shall procure the Paying Parties to transfer to the Company and/or its nominee(s) the TGL Shares and the TGL Loan within one (1) month upon the fulfillment of the conditions of the Supplemental Settlement Deed at a consideration of HK\$44,914,686 in accordance with the terms and conditions of the TGL Sale and Purchase Agreement, which said consideration payable by the Company shall be set off in partial satisfaction of the following sums in the following priority: (i) Cheung's Further Judgment Interest; (ii) remaining balance of the Cheung's Judgment Interest; and
- (2) the remaining balance of the Cheung's Judgment Interest shall be payable by Mr. Cheung in cash on the same date of Completion of the TGL Transfer.

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2. The TGL Sale and Purchase Agreement

Pursuant to the terms of the Supplemental Settlement Deed, Mr. Cheung shall and shall procure Ms. Yeung to transfer to the Company and/or its nominee(s) the TGL Shares and the TGL Loan within one (1) month upon the fulfillment of the conditions set out in the Supplemental Settlement Deed at a consideration of HK\$44,914,686 in accordance with the terms and conditions of the TGL Sale and Purchase Agreement. On 19 August 2013, Mr. Cheung and Ms. Yeung as transferors and the Company as transferee entered into the conditional TGL Sale and Purchase Agreement in relation to the TGL Transfer. Detailed terms of the TGL Sale and Purchase Agreement were set out in the “Letter from the Board” in this circular.

3. Reasons for the Amendments and the TGL Transfer

As at the Latest Practicable Date, Mr. Cheung has settled all the installment payments in accordance with the Settlement Agreement save for the Final Installment which was due on 5 September 2013. We have obtained from the Company and reviewed (i) the cheque copies, bank-in slips in respect of the cash payment for HK\$40 million; (ii) the deed of set off in respect of the set-off of the loan of HK\$10 million granted by Mr. Cheung to the Group; and (iii) the certificate of incumbency in respect of the transfer of the share capital of Full Bright Global Limited.

Mr. Cheung proposed to the Company to vary the terms of Settlement Agreement so that the Final Installment will be partially repaid by the TGL Transfer and partially by cash instead of fully by cash. After arm’s length negotiations and given that it is the Group’s business strategy to further enhance its property investment portfolio and it does not have an imminent need for additional cash, the Company considered that the entering into of the Supplemental Settlement Deed is in the interests of the Company and the Shareholders as a whole. We have discussed with the Company and understood that the Directors have also considered that if no agreement can be reached on Mr. Cheung’s proposal, Mr. Cheung may not be able to settle the Final Installment in accordance with the Settlement Agreement. In such event, the Company is required to take different actions including enforcement of the Judgment against Mr. Cheung for recovery of the Final Installment. The Directors have noted that considerable time and financial resources would be needed in the enforcement process while the outcome of enforcement and timing of receiving full payment on the Final Installment in cash (which may involve the realisation of Mr. Cheung’s assets) would be uncertain.

Given the uncertainty on the outcome and the time to be required for enforcement of the Judgment and that a major portion of the Judgment Debts had been settled as at the Latest Practicable Date and the Final Installment only represents approximately 26.5% of the Judgment Debts, we concur with the management of the Group that by having the Residential Property to be transferred to the Group instead of receiving cash as repayment of the Final Installment will provide a definite timeline for the full settlement of the Judgment Debts. Together with the cash payment to be received from Mr. Cheung pursuant to the Supplemental Settlement Deed, all the Judgment Debts will be fully settled on the same date of Completion of the TGL Transfer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the annual report of the Company, the Group had consolidated unencumbered cash balance of approximately HK\$96.2 million as at 31 March 2013. Whilst it is the Group's intention to further enhance its property investment portfolio, the Directors stated that they have not yet identified any property investment opportunities. Based on the discounted value of the Residential Property of HK\$44.8 million and the monthly market rental of HK\$85,000 as valued by a firm of independent valuers (the "Valuer") appointed by the Company, the Residential Property will provide an annual return (net of rates, government rent and management fees) of approximately 2%. We have discussed with the Valuer who confirmed that the expected annual return of the Residential Property is in line with the current market situation. Given the satisfactory outlook of the local residential market (as further discussed below) and that the addition of the Residential Property will further enhance the Group's property investment portfolio and will provide a source of rental income to the Group, we consider that the Group's proposed investment in the Residential Property and the Amendments are in the interests of the Company and the Shareholders as a whole.

4. Amendments to the terms of the Settlement Agreement regarding the Final Installment

Pursuant to the Settlement Agreement, the Final Installment will be fully settled by cash. The Amendments are to vary the mode of settlement so that the Final Installment will be partially settled against the consideration of HK\$44,914,686 of the TGL Transfer and by cash for the remaining balance. According to the Company, the Final Installment amounted to HK\$51,303,837.15, comprising (i) the remaining balance of Cheung's Judgment Interest of HK\$48,152,494.68; and (ii) Cheung's Further Judgment Interest of HK\$3,151,342.47, which was calculated at 8% per annum from the following date of the Order i.e. 8 March 2012 to the date of Completion of the Transfer i.e. 5 September 2012. We have checked the applicable interest rates and calculation of such amount and consider that the Final Installment was fairly calculated according to the terms of the Order. Accordingly, Mr. Cheung will pay HK\$6,389,151.15 in cash to settle the remaining balance of the Final Installment, payment of which shall be made on the same date of Completion of the TGL Transfer.

According to the Supplemental Settlement Deed, the consideration of the TGL Transfer shall be first applied to set off Cheung's Further Judgment Interest, followed by the remaining balance of the Cheung's Judgment Interest. Given that Mr. Cheung shall pay in cash on the same date of Completion of the TGL Transfer, the Final Installment will be fully settled on the same date.

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Taking into consideration that (i) the Company will fully recover the Final Installment on a definite timeline; (ii) the consideration of the TGL Transfer was determined by making reference to the market value of the Residential Property with a discount of 2.6% to the valuation; (iii) the Company has to be satisfied with the results of the due diligence review on the TGL Group and the Residential Property; and (iv) the enhancement of the Group's property investment portfolio is in line with its business strategy, we are of the opinion that the Amendments are in the interests of the Company and the Shareholders as a whole and the terms of the Supplemental Settlement Deed are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. The TGL Transfer

Pursuant to the Supplement Settlement Deed, Mr. Cheung shall and shall procure Ms. Yeung to transfer to the Company and/or its nominee(s) the TGL Shares and the TGL Loan at a consideration of HK\$44,914,686 in accordance with the terms and conditions of the TGL Sale and Purchase Agreement. The consideration of the TGL Transfer was determined by making reference to the market value of the Residential Property and after taking into account a discount of HK\$1.2 million i.e. 2.6% to the valuation and the cash balance or net cash equivalent assets of the TGL Group of not less than HK\$114,686 as at Completion of the TGL Transfer.

(i) Information on the TGL Group

Mr. Cheung and Ms. Yeung are the ultimate beneficial owners of TGL which is an investment company incorporated in the British Virgin Islands. Mr. Cheung and Ms. Yeung own 49.9% and 50.1% of the issued share capital of TGL respectively. TGL holds the entire interest of Hoowin Limited.

Hoowin Limited is a company incorporated in Hong Kong and is the legal owner of the Residential Property. It was principally engaged in the trading of listed securities. According to the audited financial statements of Hoowin Limited, Hoowin Limited held listed securities in Hong Kong with fair value of approximately HK\$2.1 million as at 31 March 2013. All these securities were subsequently sold and Hoowin Limited did not have any securities investments as at 31 July 2013. As confirmed with the management of the Group, according to their best knowledge, Hoowin Limited has ceased its securities trading business and does not have any business as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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Set out below is the financial information of TGL and Hoowin Limited:

Financial information of TGL for the period from 3 June 2013 (date of incorporation) to 31 July 2013 (based on its unaudited financial statements for the period)

	For the period from 3 June 2013 (date of incorporation) to 31 July 2013 (Unaudited) HK\$
Loss before taxation	Nil
Loss after taxation	Nil
Net assets as at 31 July 2013	7,800

Financial information of Hoowin Limited for the two years ended 31 March 2013 and the period from 1 April 2013 to 31 July 2013 (based on its audited accounts for the respective periods)

	For the year ended 31 March	
	2013 (Audited) HK\$	2012 (Audited) HK\$
Loss before taxation	1,052,662	548,525
Loss after taxation	1,052,662	548,525
Net liabilities as at 31 March	3,868,279	2,815,617

	For the period from 1 April 2013 to 31 July 2013 (Audited) HK\$
Profit for the period	15,497,018
Net assets as at 31 July 2013	12,528,740

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As depicted from the tables above, Hoowin Limited recorded a loss after taxation of approximately HK\$1.1 million for the year ended 31 March 2013 and a profit of approximately HK\$15.5 million for the period from 1 April 2013 to 31 July 2013. It had net liabilities of approximately HK\$3.9 million as at 31 March 2013, which was improved to a net assets position of approximately HK\$12.5 million as at 31 July 2013. The significant improvement in the financial results and position of Hoowin Limited during the period from 1 April 2013 to 31 July 2013 was primarily attributed to the valuation surplus of the Residential Property. According to the audited financial statements of Hoowin Limited for the period from 1 April 2013 to 31 July 2013, the liabilities of Hoowin Limited as at 31 July 2013 comprised an intra-group loan of approximately HK\$33.6 million due to TGL and accrued expenses of approximately HK\$0.03 million. The accrued expenses represented accrued audit fees and retention money payable to an interior design company. No contingent liabilities were noted from the audited financial statements.

According to the unaudited consolidated financial statements of the TGL Group, the TGL Group had net assets of approximately HK\$11.6 million as at 31 July 2013. The major asset of the TGL Group was the Residential Property of HK\$46 million whereas its major liability was the TGL Loan. No contingent liabilities were noted from the unaudited consolidated financial statements of the TGL Group. Pursuant to the TGL Sales and Purchase Agreement, the TGL Loan will be fully assigned to the Group upon Completion of the TGL Transfer.

(ii) The Residential Property

The Residential Property is a 3-storey terraced house located at Sai Kung, Hong Kong. It has a gross covered area of 2,380 square feet (“**sq.ft.**”) plus garden of 700 sq.ft. and roof of 620 sq.ft., and the saleable area is approximately 1,604 sq.ft. It is currently being used by Mr. Cheung. As confirmed by the management of the Group, Mr. Cheung Hoo Win, a Director and a son of the Paying Parties, is not using the Residential Property. The Company has engaged the Valuer to provide valuation on the Residential Property. By using the market approach on its existing state, the valuation of the Residential Property were reported at HK\$46 million, of which the valuation report was set out in Appendix I to this circular. We have discussed with the Valuer on its basis and assumptions as set out in the valuation report in Appendix I to this circular and consider that the basis and assumptions are fair and reasonable and the approach adopted for their valuation is appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Hong Kong Property Review 2013 and the monthly supplement published by the Rating and Valuation Department, the rental and price indices of residential properties have been rising since 2009. Prices and rents of residential properties continued to rise in the first half of 2013 driven by abundant liquidity and low interest rates. According to the Rating and Valuation Department, it is expected that the low interest rates environment will persist when the advanced economies continue quantitative easing and the United States of America is expected to keep interest rates low until 2015 to stimulate economic growth. The TGL Transfer will expand the Group's property investment portfolio, which is in line with its business strategy. In view of the trend of the Hong Kong property market driven by factors mentioned above, we agree that the TGL Transfer will enhance the future growth of the Group's property development and investment segment.

As discussed with the management of the Group, we understand that the Group intends to hold the Residential Property for rental purpose upon Completion of the TGL Transfer although the Company will not eliminate the possibilities of other alternative uses of the Residential Property including but not limited to as directors' quarter after the expiry of the Tenancy Agreement.

For the purpose of determination of the consideration of the TGL Transfer, the Company had negotiated with the Paying Parties a discount of HK\$1.2 million i.e. 2.6% to the valuation of the Residential Property. Based on the discounted value of the Residential Property at HK\$44.8 million and after taking into account of the net assets of the TGL Group as at 31 July 2013 of HK\$114,686 (excluding the fair value of the Residential Property of HK\$46 million and the carrying amount of the TGL Loan of HK\$34,512,570), the consideration of the TGL Transfer was determined at HK\$44,914,686.

As confirmed with Company, the Board currently does not have any intention to sell the Residential Property as the Group's strategy for its property investment business is to hold the properties in its portfolio for rental purposes in order to generate a steady stream of income for the Group instead of speculation. In view that the Commercial Property is also being held for rental purpose, we consider that the Board's intention on the Residential Property is in line with the Group's business strategy. The Company will also consider using the Residential Property as directors' quarter if no appropriate tenants or acceptable terms of tenancy are identified. We learnt from the Company that should the Residential Property be used as directors' quarter, the Board will take into account that the loss of rental income from the Residential Property has to be commensurate with the savings on rental expenses payable to the Directors if such benefits are granted. In view of the possible savings on rental expenses and that the Group can optimize the use of the Residential Property; we consider that despite the Residential Property will not generate rental income should it be used as directors' quarter is in interests of the Company and its Shareholders as a whole. As confirmed by the Company, any grant of directors' benefits will require the approval of the Company's remuneration committee under its corporate governance. Further, the Directors may consider using the Residential Property as security for bank financing in order to enhance its cash flow.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Transfer of the Residential Property through the TGL Transfer

In Hong Kong, it is a common practice for the sale and purchase of properties through the transfer of property holding companies, in particular offshore companies, for stamp duty savings. We were also explained by the Company and its legal adviser that the transfer of Hoowin Limited which directly holds the Residential Property and was established in Hong Kong may attract stamp duty as its sole asset is the Residential Property. On the other hand, the TGL Transfer will not be subject to any stamp duty as TGL is a company established in the British Virgin Island.

Given that (i) TGL is the ultimate holding company of the Residential Property and has no business activities; (ii) the assets of the TGL Group are primarily bank balances and the Residential Property; (iii) all debts and liabilities (except the TGL Loan) of the TGL Group had been discharged as at the date of the TGL Sale and Purchase Agreement; and (iv) the Company has to be satisfied with the results of the due diligence review on the TGL Group and the Residential Property, we consider that the transfer of the TGL Shares and the TGL Loan instead of a direct transfer of the Residential Property is of normal commercial terms. Because of the saving on stamp duties, the Paying Parties agreed with the Company to use a discount to the market value of the Residential Property as a basis for the determination of the consideration of the TGL Transfer.

(iv) Assignment of the TGL Loan

As discussed with the Company and its legal adviser, we understand that as a creditor of TGL after Completion of the TGL Transfer, the Company with other creditors of TGL will have liquidation priority in comparison with its position as being merely a shareholder of TGL. If the TGL Loan is waived instead of being assigned, the amount of which will then be capitalized as the Company's investment in TGL and will only be repaid after all creditors' indebtedness are settled in case of liquidation. In this regard, we concur with the Company that it will have a liquidation priority and that it is in the interests of the Group to have the TGL Loan assigned to the Company instead of a waiver of the TGL Loan.

Based on our analysis set out in this section headed "5. The TGL Transfer" and that the consideration of the TGL Transfer was determined by making reference to a discount to the market value of the Residential Property, we consider that the terms of the TGL Sales and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Possible financial effect of the TGL Transfer

Earnings

Upon its settlement, the Final Installment will be recognised as other income of the Group. According to the unaudited financial statement for the period from 3 June 2013 (date of incorporation) to 31 July 2013, TGL had no profit or loss for the period. On the other hand, Hoowin Limited had a loss of approximately HK\$1.1 million for the year ended 31 March 2013 and a profit of approximately HK\$15.5 million for the period from 1 April 2013 to 31 July 2013 according to its audited accounts for the respective periods. Upon Completion of the TGL Transfer, the TGL Group will become wholly owned subsidiaries of the Group and accordingly the results of the TGL Group will be consolidated into the consolidated income statement of the Group.

Net asset value

Upon Completion of the TGL Transfer, assets and liabilities of the TGL Group will be consolidated into the Group's consolidated statement of financial position. The Group's assets will be increased as a result of the injection of the Residential Property at its fair value whilst the TGL Loan will be assigned to the Group and will become an intra-group loan.

(B) THE SUPPLEMENTAL TGL SPA AND PROPOSED LEASING ARRANGEMENT

1. The Supplemental TGL SPA

Pursuant to the terms of the TGL Sale and Purchase Agreement, Mr. Cheung and Ms. Yeung shall procure the delivery of vacant possession of the Residential Property upon Completion of the TGL Transfer. After further arm's length negotiations, the Company has on 11 September 2013 entered into the conditional Supplemental TGL SPA with the Paying Parties in relation to, amongst others, the Proposed Leasing Arrangement. Detailed terms of the Supplemental TGL SPA were set out in the "Letter from the Board" in this circular.

2. Background to and reasons for the Proposed Leasing Arrangement

The Group currently has two investment properties, including a residential premise located in the New Territories, Hong Kong held for re-development purpose and the Commercial Property for rental purpose. The Commercial Property contributed rental income of approximately HK\$0.8 million to the Group for the year ended 31 March 2013. As at the Latest Practicable Date, approximately 30% of the total gross floor area of the Commercial Property was leased to an Independent Third Party and the relevant tenancy agreement will expire in March 2015. The tenancy agreement for the remaining area of the Commercial Property expired in July 2013 and it is being offered for lease through property agencies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon Completion of the TGL Transfer, the Residential Property will be added to the Group's property investment portfolio. As mentioned above, it is the Group's intention to lease the Residential Property to further widen its sources of rental income. The Company was approached by Mr. Cheung for the lease back of the Residential Property upon Completion of the TGL Transfer. The Board considered that by entering into the Tenancy Agreement, the Group will save the time and costs for seeking appropriate independent tenant and the Residential Property can provide a stable source of rental income to the Group immediately following Completion of the TGL Transfer. Despite Mr. Cheung will be allowed to continue to use the Residential Property upon Completion of the TGL Transfer, the rentals under the Tenancy Agreement will be determined at market rate. Given this and that the Tenancy Agreement will become effective on the date of Completion of the TGL Transfer, which will provide an immediate source of rental income to the Group and Mr. Cheung will only continue to use the Residential Property for a short term of one year subject to renewal at market rent, we consider that the Proposed Leasing Arrangement is in the interests of the Company and the Shareholders as a whole.

3. The Tenancy Agreement

Upon Completion of the TGL Transfer, Hoowin Limited (as landlord), the Tenant and Mr. Cheung (as guarantor) will enter into the Tenancy Agreement in respect of the lease of the Residential Property. Detailed terms of the Tenancy Agreement were set out in the "Letter from the Board" in this circular.

Pursuant to the Tenancy Agreement, the Residential Property will be leased for a one-year fixed term commencing from the date of Completion of the TGL Transfer at a monthly rental of HK\$85,000 (inclusive of rates, government rent and management fees). The Tenant shall have an option to renew the lease for an additional year immediately after the expiry of the fixed term and at a fair market rental to be agreed by the Tenant and the landlord.

The rental of HK\$85,000 was determined by making reference to the current market rental of the Residential Property, which was valued by the Valuer by adopting the market approach. We have discussed with the Valuer the basis and assumptions adopted in arriving at the market rental of the Residential Property. The assumptions adopted in arriving at the market rental of the Residential Property include (i) the Residential Property is being leased at its existing state and on lease terms that reflect the normal practice between market participants at the valuation date; (ii) the Residential Property has been constructed, occupied and used in full compliance with, and without contravention of all relevant ordinances; and (iii) all required licenses, permit, certificates and authorizations have been obtained. Based on our discussions with the Valuer, we consider that the basis and assumptions are fair and reasonable and the approach adopted for the valuation is appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We understand from the management of the Group that by entering into a one-year fixed term tenancy will provide flexibility to the Group, so that the rental can be adjusted to the prevailing market conditions in order to maximize its rental income upon expiry of the fixed term. According to the Hong Kong Property Review 2013 and the monthly supplement published by the Rating and Valuation Department, the overall rental index of residential properties in Hong Kong has been rising since 2009, with a 6.4% year-on-year increase at the end of 2012 and a 10% increase in the second quarter of 2013 as compared to the corresponding period in 2012. In view of the rising trend of the residential properties rental index and that the rental will be determined by making reference to market rates, we consider that the terms of the Tenancy Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Based on the monthly rental of HK\$85,000 and the discounted value of the Residential Property at HK\$44.8 million, the Residential Property would contribute an annual return of approximately 2% (being the annual rental income, net of rates, government rent and management fees divided by the discounted value of the Residential Property) to the Group. As compared to the 12-month fixed deposit rate of 0.2% per annum for HK\$1 million or above offered by HSBC and given that the Group has not yet identified other investment opportunities, we concur with the management of the Company that with the Residential Property to be transferred to the Company and to be leased out at market rents would be an appropriate investment and we are of the opinion that the Proposed Leasing Arrangement is in the interests of the Company and the Shareholders as a whole.

IV. RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we are of the opinion that the terms of the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the Amendments, the TGL Transfer and the Proposed Leasing Arrangement are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed ordinary resolutions to approve the Supplemental Settlement Deed, the TGL Sales and Purchase Agreement, the Supplemental TGL SPA and the Tenancy Agreement and the transactions contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Elaine Cheung
Executive Director

The following is the text of a letter and valuation certificate, prepared for the purpose of inclusion in this circular received from RHL Appraisal Limited, an independent valuer, in connection with its valuation as at 22 July 2013 of the property interest.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

Licence No.: C-015672

11 October 2013

Styland Holdings Limited

28th Floor, Aitken Vanson Centre,
61 Hoi Yuen Road,
Kwun Tong, Kowloon,
Hong Kong.

Dear Sirs/Madam,

Re: Valuation of House A (including the External Walls and Carport on the G/F thereof), Ocean View Lodge, Lot No. 524 in DD 238, Sai Kung, New Territories, Hong Kong.

1. INSTRUCTION

We refer to your instructions for us to value House A (including the External Walls and Carport on the G/F thereof), Ocean View Lodge, Lot No. 524 in DD 238, Sai Kung, New Territories (the “**Property**”) for Styland Holdings Limited (the “**Company**”) in Hong Kong, we confirm that we have carried out an inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 22 July 2013 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies assumptions and limiting conditions of this valuation.

2. BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define 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 wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The 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, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

3. VALUATION METHODOLOGY

In valuing the Property, Market Approach has been adopted where comparison based on price information of comparable properties is made. Comparable properties of similar size, character, location, town planning zoning and development density are analyzed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

4. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property in the market in their existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all Ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificated, and authorizations have been obtained.

Other special assumptions of the Property, if any, have been stated in the footnote of the valuation certificate of the Property.

5. TITLE INVESTIGATION

We have caused search to be made at the Land Registry for the Property located in Hong Kong. However, we have not verified ownership of the Property or to verify the existence of any amendments which do not appear on the copies handed to us.

6. LIMITING CONDITIONS

We have inspected the exterior and, wherever possible, the interior of the Property. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the relevant documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Both area and building completion year are approximate. We have quoted the source of saleable area in the report. However, we accept no liability if the quoted area departed from any other sources. We follow the definition of saleable area under the “Code of Measuring Practice” and the “Supplement to the Code of Measuring Practice” published by the Hong Kong Institute Surveyors in March 1999 and November 2012 respectively if we have carried out area measurement. All usual main services are assumed to be available to the Property.

We have relied to a considerable extent on information provided from the Company and have accepted advice given to us on such matters, in particular, but not limited to, the tenure, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any Property nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Liability in connection with this valuation report is limited to the Company to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes. Neither the whole nor any part of this report can be published, disclosed or referred to in any public document without our written consent.

7. REMARKS

We have conducted site inspection of the Property on 15 July 2013 by our staff, Mr. Ivan S. P. Lui and Ms. Sarah S. L. Book.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Properties (2nd Edition 2012).

The Property has been valued in Hong Kong Dollars (HKD).

We enclose herewith the valuation certificate.

Yours sincerely,
For and on behalf of
RHL Appraisal Limited

Ivan S. P. Lui

*MHKIS, RPS(GP), AAPI, CPV, MCom, MSc, BSc
Associate Director*

Mr. Ivan S. P. Lui is a Registered Professional Surveyor (GP) having over 10 years real estate experience gained from various international banks and surveyors firms. He specializes in Plant & Machinery Valuation, mortgage valuation, and land premium assessment. In addition, he also participates in real estate asset management of various types of properties covering financial budgeting & planning, coordination, controlling and operation.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 22 July 2013 HKD
House A (including the External Walls and Carport on the G/F thereof), Ocean View Lodge, Lot No. 524 in DD 238, Sai Kung, New Territories, Hong Kong. 24/200 undivided shares of/and in the Lot No. 524 in D.D. 238.	<p>The Property is a 3-storey terraced house together with its external walls, carport and garden areas, which forms part of Ocean View Lodge located at the northern side of Hang Hau Wing Lung Road branching off Clear Water Bay Road near Ng Fai Tin area in Clear Water Bay at Sai Kung District of the New Territories. According to the Occupation Permit No.NT76/81 dated 30 April 1981 issued by the Buildings Department, the Property was completed in about 1981 and planned to be used for domestic and car parking purposes.</p> <p>According to the developer's sales brochure, the gross covered area of the Property is 2,380 square feet plus garden of 700 square feet and roof of 620 square feet.</p> <p>According to the information obtained from Rating and Valuation Department, the saleable area of the Property is approximately 149.0 square metres (or approximately 1,604 square feet).</p> <p>The Property is held under the New Grant No. 6018 for a term of 99 years commencing from 1 July 1898 and subject to payment of government rent for \$300 per annum as that registered at the Land Registry.</p>	As informed by the instructing party, the Property was owner-occupied as at the date of valuation.	46,000,000 (Hong Kong Dollars Forty Six Million Only)

Notes:

1. According to the information from the Land Registry, the registered owner of the Property is Hoowin Limited, vide memorial no. 10110501160097 dated 15 October 2010 at a consideration of \$26,800,000.
2. The Property is zoned as "Residential (Group C) 3" under the Drafted Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/5 dated 9 June 2006 and the 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.

No new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of the maximum plot ratio, site coverage and building height specified below, or the plot ratio, site coverage and height of the building which was in existence on the date of the first publication in the Gazette of the notice of the draft development permission area plan, whichever is the greater:

Sub-area	Maximum Plot Ratio	Maximum Site Coverage	Number of Storeys	Building Height
Residential (Group C) 3	0.60	30%	3 storeys including carport	9 metres

3. According to the information obtained from the Land Registry, the Property is subject to the following encumbrances:

- (i) The Property is including its external walls and carport on the G/F thereof.
- (ii) Deed of Mutual Covenant and Management Agreement (as per plan) vide memorial no. SK581239 dated 21 November 2003.

1. RESPONSIBILITY STATEMENT

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 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) Directors and Chief Executive

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or 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.

(b) Substantial Shareholders and other person

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at the Latest Practicable Date, the Company had been notified of the following interests in the Company:

Name of Shareholder	Number of ordinary shares of HK\$0.01 each held	Shareholding percentage
Mr. Cheung (<i>Note 1</i>)	802,979,609	22.52%
Ms. Yeung (<i>Note 2</i>)	802,979,609	22.52%

Notes:

- Mr. Cheung personally held 602,388,715 Shares. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 95,265,727 Shares held by KY.

Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 105,325,167 Shares beneficially interested by Ms. Yeung.
- Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 697,654,442 Shares beneficially interested by Mr. Cheung.

3. On 20 August 2002, Mr. Lin Wen (林文先生) (“Mr. Lin”) and Mr. Sun Jinlin (孫進林先生) (“Mr. Sun”) notified the Company that they respectively held 165,050,000 and 150,800,000 Shares. To ensure the accuracy of its register of members, the Company wrote to Mr. Lin and Mr. Sun to enquire into their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin, claiming that he held approximately 5 million Shares, which was substantially different from the record of Mr. Lin’s interests available from the website of the Stock Exchange and the Company. The Company could not reach Mr. Lin and Mr. Sun, though it had repeatedly tried to seek valid notification under the SFO from them. As at the Latest Practicable Date, the Company has not received any further response from Mr. Lin or Mr. Sun.

3. DIRECTORS’ INTERESTS IN CONTRACTS AND ASSETS

Save for Mr. Cheung Hoo Win, an executive Director, is also a son of Mr. Cheung and Ms. Yeung, who, in turn, are parties to the TGL Sale and Purchase Agreement and the Supplemental TGL SPA, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2013, being the date to which the latest published audited accounts of the Group were made up.

4. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates have any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. LITIGATIONS

So far as the Directors are aware, as at the Latest Practicable Date, save for the Settlement and the Order as disclosed herein, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have given opinions or advice in this circular:

Name	Qualification
RHL Appraisal Limited	Independent Qualified Valuer
Shenyin Wanguo Capital (H.K.) Limited	A licensed corporation under the SFO to carry out type 1 (dealing on securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, all the experts above did not have any shareholding directly or indirectly in any member of Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, all the experts above did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which it appears.

8. GENERAL

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business and office of Company in Hong Kong is at 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, whose office is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Wang Chin Mong, AHKSA, FCCA.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including SGM date and will also be available for inspection at the SGM:

- (a) the Settlement Agreement;
- (b) the Supplemental Settlement Deed, the TGL Sale and Purchase Agreement, the Supplemental TGL SPA and the form of the Tenancy Agreement;
- (c) the memorandum of association and the bye-laws of the Company;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 28 to 29 of this circular;
- (e) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 30 to 44 of this circular;
- (f) valuation report from RHL Appraisal Limited, the text of which is set out on pages 45 to 50 of this circular;
- (g) the written consents referred to in the section headed “Experts and Consents” in this Appendix; and
- (h) this circular.

NOTICE OF SPECIAL GENERAL MEETING



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of Styland Holdings Limited (the “Company”) will be held at 28/F, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on 29 October 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the conditional supplemental settlement deed dated 19 August 2013 (the “**Supplemental Settlement Deed**”) entered into among the Company and Mr. Cheung Chi Shing (“**Mr. Cheung**”), pursuant to which, among others, the amendments of terms of the settlement agreement dated 26 June 2012 entered into among the Company, Mr. Cheung and Ms. Yeung Han Yi Yvonne (“**Ms. Yeung**”) in respect of the final installment to be settled by Mr. Cheung and the details of which are contained in a circular of the Company dated 11 October 2013, a copy of the Supplemental Settlement Deed is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (b) the conditional sale and purchase agreement dated 19 August 2013 (the “**TGL Sale and Purchase Agreement**”) entered into among the Company as transferee, Mr. Cheung and Ms. Yeung as transferors (the “**Transferors**”) in relation to, among others, the acquisition of the entire issued share capital of Treasure Glasshouse Limited (“**TGL**”) and the shareholders’ loan owed by TGL to the Transferors and their respective associates by the Company, a copy of the TGL Sale and Purchase Agreement is tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified; and
- (c) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental Settlement Deed and the TGL Sale and Purchase Agreement as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Supplemental Settlement Deed and/or the TGL Sale

NOTICE OF SPECIAL GENERAL MEETING

and Purchase Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the directors of the Company, in the interest of the Company and its shareholders as a whole.”

2. **“THAT:**

- (a) the conditional supplemental agreement dated 11 September 2013 (the **“Supplemental TGL SPA”**) entered into among the Company and the Transferors in relation to, among others, the amendments to certain terms of the TGL Sale and Purchase Agreement such that (i) Hoowin Limited as landlord, K.C. (Asset) Limited as tenant (the **“Tenant”**) and Mr. Cheung as guarantor will upon Completion of the TGL Transfer (as defined in the circular of the Company dated 11 October 2013) enter into a tenancy agreement (the **“Tenancy Agreement”**) pursuant to which the Tenant agreed to rent the Residential Property (as defined in the circular of the Company dated 11 October 2013) at the monthly rental of HK\$85,000 subject to the terms and conditions of the Tenancy Agreement, a copy of the Supplemental TGL SPA and the form of the Tenancy Agreement tabled at the meeting and marked **“C”** and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, including but not limited to the entering into of the Tenancy Agreement, be and are hereby confirmed, approved and ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements (including but not limited to the Tenancy Agreement and whether under common seal or not) and to do all acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental TGL SPA and the Tenancy Agreement as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Supplemental TGL SPA and/or the Tenancy Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the directors of the Company, in the interests of the Company and its shareholders as a whole.”

By the Order of the Board of
Styland Holdings Limited
Wang Chin Mong
Company Secretary

Hong Kong, 11 October 2013

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.

NOTICE OF SPECIAL GENERAL MEETING

3. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.