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# **STYLAND HOLDINGS LIMITED**

## **大凌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 211)

*Executive directors:*

Johnny Wing Fai Tam  
Yvonne Han Yi Yeung  
Miranda Chi Mei Chan  
Suet Ming Ching

*Independent non-executive directors:*

David Man San Lim  
Edward Shun Kee Yeung

### **ANNOUNCEMENT**

On 30 March 2004, Onland, a wholly owned subsidiary of the Company entered into a conditional agreement with an independent third party, under which Onland acquires 9% shareholding interest in Lucky Score at a consideration of HK\$4.5 million.

In addition, Onland subscribes 41 convertible loan notes of HK\$600,000 each in aggregate principal amount of HK\$24.6 million issued by Lucky Score, which enables Onland to convert into further 45% of enlarged share capital of Lucky Score.

The aggregate consideration of the Transactions is HK\$29.1 million. Should the Notes converted in full to shares of Lucky Score, Onland will be interested in, together with the 9% interest to be acquired under the Acquisition, 50% shareholding in Lucky Score.

Lucky Score is a company currently owned as 85% by Vendor and as to 15% by RAML. The principal activity of Lucky Score is, through its subsidiary, to hold the Land in Po Tai Island, which planned to be developed into resort hotel with golf course.

The Transactions do not constitute notifiable transactions under Chapter 14 of the Exchange listing rules.

## **INTRODUCTION**

On 30 March 2004, Onland Investment Limited (“Onland”), a wholly owned subsidiary of the Company entered into a conditional agreement with Ms. Leung Tak Kin (“Vendor”), an independent third party, not connected with the directors, chief executive or substantial shareholders of the Company or their respective associates (as defined in the Exchange listing rules) (“Connected”), under which Onland acquires 9% shareholding interest in Lucky Score Limited (“Lucky Score”).

In addition, Onland subscribes for 41 convertible loan notes of HK\$600,000 each in the aggregate principal amount of HK\$24,600,000 (the “Note(s)”), issued by Lucky Score.

## **ACQUISITION IN RELATION TO LUCKY SCORE (THE “ACQUISITION”)**

Lucky Score is a company incorporated in the British Virgin Islands on 11 July 2003. Other than as an investment holding company, Lucky Score does not engage other business. It’s currently owned as to 85% by Vendor and as to 15% by Renren Asset Management Limited (“RAML”), a subsidiary of renren Holdings Limited (“RHL”) (RAML and RHL together are hereunder called “Renren Group”), the securities of which are listed on The Stock Exchange of Hong Kong Limited. The Vendor confirmed to the directors of the Company (the “Directors”) that she is not Connected with Renren Group.

Lucky Score, through it’s wholly owned subsidiary, holds various lots of land in Po Toi Island with an area approximately 20,000 square feet for building and approximately 180,000 square feet for farmland (“Land”). The whole development is in a preliminary stage and application will be made to the relevant government department to change its use, which planed to be developed into resort hotel with golf course. According to the management accounts as at the Completion, the net asset value of Lucky Score is HK\$43 million. As the completion of the Acquisition is subject to various conditions and Lucky Score has not performed statutory

audit, only the management accounts is available to Onland. Onland will seek further legal advice in respect of the Acquisition, amongst other procedures, before Completion.

The consideration is HK\$4.5 million in cash payable on Completion. The consideration represents 16% premium to the attributable net assets value of Onland's equity interest in Lucky Score. The Directors consider such premium to be reasonable in view of the discount to the net assets value in the Subscription.

## **SUBSCRIPTION FOR CONVERTIBLE LOAN NOTES (THE "SUBSCRIPTION")**

The principal terms of the Notes are as follows:

Period	The Notes will be repaid on 3 years after the completion of the Subscription agreement dated 30 March 2004 (the "Maturity Date").
Form and denomination	The Notes are issued in registered form in the denomination of HK\$600,000.
Closed periods	No Note holders may require the transfer of any Note (i) during the period of 7 days ending on the date for any payment of principal, or (ii) after a conversion notice has been deposited for conversion.
Interest	The Notes shall bear interest from the date of issue at the rate of 10% per annum.
Conversion and redemption	<p>A Note holder shall have the right to convert the whole of the principal amount of the Note into shares of Lucky Score (the "Share") at any time from the date of the Subscription agreement. Upon conversion of all Notes, Onland will be interested in 45% of enlarged share capital of Lucky Score, excluding the 9% interest acquired under the Acquisition agreement of the even day.</p> <p>Lucky Score shall be entitled at any time and from time to time by notice in writing to the Note holder declare that the Note which have not been previously redeemed or converted or purchased and cancelled be redeemed on such date not earlier than the expiry of 3 business days after the date of the notice but before the Maturity Date.</p>

Conversion price            The price at which each Share shall be issued upon conversion shall be HK\$300,000 per share, which was determined on the basis enabling Onland to hold further 82 shares of Lucky Score, representing 45% interest of enlarged share capital. The Conversion price represents a discount of approximately 19.46% of the net assets value per share of Lucky Score after the conversion. Net assets value of Lucky Score after conversion shall be approximately HK\$67.8 million.

## **CONDITIONS PRECEDENT**

Completion of the Acquisition and the Subscription (the “Transactions”) shall only be subject to various conditions being fulfilled in any event not later than 6 months after the date of their respective agreement, in material terms, as follows:

- (a) Lucky Score and its subsidiaries undergo a restructuring exercise with all consents obtained to vest the title of the Land in Lucky Score and its subsidiaries;
- (b) The Vendor has to deliver a valuation report in respect of the Land, which will be performed by a qualified independent valuer, showing the value of the Land is not less than HK\$60 million to Onland;
- (c) Onland being satisfied with the due diligence review of Lucky Score at its sole discretion;
- (d) Delivery of completion accounts by Vendor to Onland which is not materially different from the management accounts of Lucky Score;
- (e) All consents from relevant government department of regulatory authorities which are required or appropriate for the entering into or the implementation of completion of the agreements.

## **REASONS FOR THE TRANSACTIONS**

The Company is an investment holding company and its subsidiaries are principally engaged in general import, export and trading, securities dealings and brokering, financing business, property development and investments.

Following the recovery of property market and the increasing demand of hotel rooms, the Directors consider that the Transactions provide the Group a good opportunity to diversify in the markets. The Company was optimistic about the prospect of development in these fields.

The considerations of the Transactions were determined between the parties on an arm's length basis and will be financed by internally resources and/or financing. The Directors have not yet decided on the financing terms pending the Completion.

### **OTHER MATTERS**

Upon completion of the Transactions, the Company will not appoint any board representative to Lucky Score; also no substantial shareholder of Lucky Score will become a director of the Company.

Should the Notes converted in full to shares of Lucky Score, Onland will be interested in, together with the 9% interest to be acquired under the Acquisition, 50% shareholding in Lucky Score. Lucky Score will be recorded as associated company of the Group. The Acquisition and the Subscription do not constitute notifiable transactions under the Chapter 14 of the Exchange listing rules.

By Order of the Board  
**STYLAND HOLDINGS LIMITED**  
**Tam Wing Fai, Johnny**  
*Managing Director*

Hong Kong, 1 April, 2004

Please also refer to the published version of this announcement in The Standard.