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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

Reference is made to the annual report of Styland Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2022. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide additional information about the mortgage financing business of the Group.

The Group’s mortgage financing business has been carried out by its wholly owned subsidiary Ever-Long Finance Limited (“**Ever-Long Finance**”), a money lender license holder under the Money Lenders Ordinance (Cap. 163), since 2011.

Ever-Long Finance provides its mortgage financing service to individual clients of different backgrounds and education levels, who are referred to it by its registered referral agents. As at 31 March 2022, the Group had a net loan balance of approximately HK\$93,023,000 under its mortgage financing business and the loan sizes contained in the portfolio ranged from approximately HK\$200,000 to HK\$7,000,000, which were mainly financed by the internal resources of the Group. With a view to minimizing the credit risk, Ever-Long Finance only granted loans to Hong Kong residents. As at 31 March 2022, Ever-Long Finance had 37 clients under its mortgage financing business.

To enhance the competitive edge in the marketplace and to provide its clients greater flexibility, Ever-Long Finance offers three classes of loans, namely the first, second and third mortgage loans. The clients are required to offer their residential properties in Hong Kong as collaterals for their mortgage loans. Interest rates ranging from 9.6% to 24% per annum for the portfolio as at 31 March 2022 were fixed based on the classes and tenors of the mortgage loans, the backgrounds, financial position, source and stability of income of the clients.

As at 31 March 2022, the balance of loan receivables under the mortgage financing business was approximately HK\$93,023,000, and the amounts due from the single largest and the five largest borrowers combined were respectively HK\$7,110,000 and HK\$28,604,000, representing approximately 7.6% and 30.7% of such balance.

The management will from time to time assess whether the credit risk of the loan receivables has increased significantly since their initial recognition. Other than the adverse effect to the economic environment arising from the COVID-19, the factors to be considered for possible loan impairment include the clients' repayment track record and updated financial position, the change in the market value of clients' properties as well as the sentiment of the overall property market in Hong Kong.

Ever-Long Finance has its internal assessment and work procedure in granting a mortgage loan. When a client is referred to Ever-Long Finance by its registered referral agent, a loan application form setting out the potential client's personal information and financial position, including his/her source of income and amount of income, the market value of the property as collateral, and details of the outstanding mortgage (if any) with banks or other financing company will be submitted to the director who is responsible for the mortgage financing business for approval. Together with the loan application form, the following documents will be verified or reviewed:

- (i) Copy of identity card or passport;
- (ii) Copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement;
- (iii) Copy of residential address proof of the latest three months, such as utility bills, tax return or bank statement;
- (iv) Legal search for the credit worthiness assessment; and
- (v) Land search report for the proof of property ownership.

In addition to the know-your-client procedure, Ever-Long Finance will also observe the requirement to comply with the anti-money laundering or counter terrorist financing regulations for its mortgage financing business. Furthermore, to promote clients' awareness of the requirements of the Money Lenders Ordinance, a Summary of Provisions of the Money Lenders Ordinance will be attached, for client's reference, to the loan agreement to be entered between Ever-Long Finance and its client.

To lower the Group's exposure to the credit risk, the percentage of loan-to-value ("LTV") for the new drawdown in general will be within 80%. To have a more reliable market value of a client's property, Ever-Long Finance will obtain two verbal valuations from two reputable appraisers while the lower one, the written report of which will be issued prior to loan drawdown, will be used as the current market value in the calculation of LTV. The Chief Executive Officer's additional approval is required for a drawdown with the LTV exceeding 80%. Onsite inspection of the proposed mortgaged property will be conducted by our Loan Managers if the Credit Manager thinks it necessary before loan disbursement.

After a drawdown, the management team will closely monitor the client's repayment status. When there is any default in repayment, Ever-Long Finance will contact the client via phone to urge him/her to settle the overdue amounts without further delay. In case the default in repayment persists, legal demand letters will be sent to the client through our lawyer(s). Accounts will be passed to debt collection agent(s) if a client does not give a positive response about the repayment plan or scheme such as loan restructuring or providing additional collateral. Ever-Long Finance may also take legal actions to enforce the possession of the defaulted client's property for auction.

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

Hong Kong, 27 September 2022

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

* *For identification purpose only*