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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Styland Holdings Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 FULL BRIGHT GLOBAL LIMITED AS PART OF THE SETTLEMENT

Financial Adviser to the Company



**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 24 of this circular and a letter from the Independent Board Committee is set out on pages 25 to 26 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 27 to 44 of this circular.

A notice convening the SGM of the Company to be held at 28/F, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on 30 August 2012 at 11:00 a.m. is set out on pages 59 to 60 of this circular. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

14 August 2012

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DEFINITIONS

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

“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 the prime rate quoted by HSBC from the respective dates of the transactions concerned until the date of the Order
“Cheung’s Principal”	the total 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 Transfer”	completion of the transfer of the Full Bright Shares and the assignment of the Full Bright Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Deed of Set Off”	the deed of set off in approved form to be made between the Company and Mr. Cheung in relation to the set off of Mr. Cheung’s Loan in partial satisfaction of the Judgment Debts
“Directors”	the directors of the Company

DEFINITIONS

“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
“Full Bright”	Full Bright Global Limited, a company incorporated in the British Virgin Islands with limited liability, being the sole legal owner of Treasure Profit
“Full Bright Group”	together Full Bright and Treasure Profit and the expression of “member of the Full Bright Group” shall be construed accordingly
“Full Bright Loan”	all obligations, liabilities and debts owing or incurred by Full Bright and/or Treasure Profit to the Paying Parties and/or KC Asset and their respective associates on or at any time prior to Completion of the Transfer whether actual contingent or deferred and irrespective of whether the same is due and payable on Completion of the Transfer, which as at 31 May 2012, amounted to approximately HK\$67,958,172
“Full Bright Shares”	2 issued shares of Full Bright, being the entire issued share capital of Full Bright
“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 Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Advisor”	Shenyin Wanguo Capital (H.K.) Limited, the independent financial adviser appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the Settlement Agreement, the Sale and Purchase 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
“Judgment” or “Order”	the judgment or order dated 7 March 2012 and made by the Honourable Mr. Justice Barma in HCMP No.1702 of 2008, wherein Mr. Cheung was ordered, amongst other things, to pay to the Company Cheung’s Judgment Debt and Ms. Yeung was ordered, amongst other things, to pay to the Company Yeung’s Judgment Debt
“Judgment Debts”	together Cheung’s Judgment Debt and Yeung’s Judgment Debt
“KC Asset” or “Transferor”	K.C. (Asset) Limited, a company incorporated in the British Virgin Islands with limited liability, being the sole legal owner of Full Bright
“Latest Practicable Date”	10 August 2012, 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 Full Bright Group as a whole
“Mr. Cheung”	Mr. Cheung Chi Shing, a substantial Shareholder and a Judgment debtor under the Order
“Mr. Cheung’s Loan”	an interest-free loan of HK\$10,000,000 advanced by Mr. Cheung to the Company on or about 6 March 2012 with maturity date on 5 September 2012

DEFINITIONS

“Ms. Yeung”	Ms. Yeung Han Yi Yvonne, a substantial Shareholder and a Judgment debtor under the Order
“Paying Parties” or “Guarantors”	together Mr. Cheung and Ms. Yeung
“PRC”	The People’s Republic of China
“Principals”	together Cheung’s Principal and Yeung’s Principal
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 26 June 2012, and entered into between the Company as transferee, KC Asset as transferor and the Guarantors as guarantors in relation to the transfer of the Full Bright Shares and the assignment of the Full Bright Loan
“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 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
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Settlement Agreement, the Sale and Purchase 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
“Term Sheet”	the non-legally binding term sheet dated 7 June 2012 and entered into between the Company and the Paying Parties which set out the principal terms of the Settlement
“Transfer”	the transfer of the Full Bright Shares and the assignment of the Full Bright Loan from the Transferor to the Transferee pursuant to the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Treasure Profit”	Treasure Profit Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Full Bright and is the legal owner of the Commercial Property
“Yeung’s Further Judgment Interest”	the interest on Yeung’s Principal accrued annually at judgment rate from the following date of the Order until full 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 the prime rate quoted by HSBC 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 Cheun
Ms. Mak Kit Ping
Ms. Zhang Yuyan
Ms. Chen Lili

Independent non-executive Directors:

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

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
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

14 August 2012

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF FULL BRIGHT GLOBAL LIMITED
AS PART OF THE SETTLEMENT**

INTRODUCTION

On 26 June 2012 (after trading hours), the Company, Mr. Cheung and Ms. Yeung entered into the Settlement Agreement which sets out the terms agreed between the parties thereto in relation to the Settlement.

Pursuant to the Settlement Agreement, on 26 June 2012 (after trading hours), the Company, KC Asset, Mr. Cheung and Ms. Yeung entered into the Sale and Purchase Agreement, pursuant to which KC Asset would transfer to the Company the Full Bright Shares and the Full Bright Loan at a consideration of HK\$82,616,623 with Mr. Cheung and Ms. Yeung acting as guarantors for the obligations of KC Asset under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

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

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 voting on the proposed resolution(s) approving the Settlement Agreement, the Sale and Purchase Agreement and the transaction 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 Settlement Agreement, the Sale and Purchase Agreement and the transaction 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 Settlement Agreement, the Sale and Purchase 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 Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (iv) to give you notice of the SGM to consider and, if thought fit, to approve the Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder.

THE SETTLEMENT AGREEMENT

Date: 26 June 2012 (after trading hours)

Parties: (1) the Company
(2) Mr. Cheung
(3) Ms. Yeung

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.

LETTER FROM THE BOARD

Background of the Settlement

Pursuant to the Order, Mr. Cheung was ordered, among other things, to pay to the Company the Cheung's Judgment Debt comprising a total sum of HK\$79,000,000 with interest thereon and Ms. Yeung was ordered, among other things, to pay to the Company the Yeung's Judgment Debt comprising a sum of HK\$6,950,000 with interest thereon. On 7 June 2012, the Company entered into the Term Sheet with Mr. Cheung and Ms. Yeung which set out the principal terms of the Settlement.

Consideration

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 Paying Parties irrevocably covenant with the Company that the Paying Parties shall settle the Judgment Debts in the manner as set out in the Settlement Agreement.

As at the date of the Order, the total amount of the Judgment Debts was HK\$190,628,975.21, and Cheung's Further Judgment Interest and Yeung's Further Judgment Interest would continue to accrue after the date of Order until the respective full settlement of Cheung's Principal and Yeung's Principal.

Pursuant to the Order, Mr. Cheung is ordered to pay to the Company:

- (a) the sum of HK\$39,000,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 22 March 2000 to the date of the Order, and thereafter at judgment rate until payment;
- (b) the sum of HK\$25,000,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 9 May 2000 to the date of the Order, and thereafter at judgment rate until payment;
- (c) the sum of HK\$2,000,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 7 July 2000 to the date of the Order, and thereafter at judgment rate until payment;
- (d) the sum of HK\$10,000,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 3 October 2000 to the date of the Order, and thereafter at judgment rate until payment;
- (e) the sum of HK\$3,000,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 22 August 2002 to the date of the Order, and thereafter at judgment rate until payment.

Pursuant to the Order, Ms. Yeung is ordered to pay to the Company the sum of HK\$6,950,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC from 7 July 2000 to the date of the Order, and thereafter at judgment rate until payment.

LETTER FROM THE BOARD

Accordingly, the interest accrued on the Principals is calculated differently for two stages.

Stage 1: For the period from the respective dates of the concerned transactions to the date of Judgment, the interest accrued on the Principals is calculated compounded annually at the rate of 1% above the prime rate quoted by HSBC.

Stage 2: After the date of Judgment, the interest accrued on the Principals shall be calculated as simple interest at the judgment rate pursuant to section 49 of the High Court Ordinance.

The Judgment does not provide that the interest accrued at stage 1 should be aggregated with the Principals for the purpose of calculating interest for stage 2. This view is supported by the Company's legal adviser and the Company and its financial advisor have confirmed that the calculation of the Judgment Debts is in accordance with the Judgment as aforesaid.

Manner of Settlement

Pursuant to the Settlement Agreement, Mr. Cheung and Ms. Yeung would settle the Judgment Debts in the manner as follows:

- (1) Upon the signing of the Term Sheet, the Paying Parties have paid the Company a sum of HK\$10,000,000 in cash, which shall not be refundable in any circumstances, in partial satisfaction of Yeung's Judgment Debt, which shall be applied to settle, first, Yeung's Principal, and then Yeung's Judgment Interest.
- (2) Subject to and immediately upon the fulfillment of the conditions set out below, Mr. Cheung and the Company shall execute the Deed of Set Off on the date upon the fulfillment of the conditions set out below (or such other date as the parties thereto may agree), pursuant to which Mr. Cheung's Loan owed by the Company to Mr. Cheung shall be applied to set off 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, irrespective of the maturity date of Mr. Cheung's Loan.
- (3) Subject to the fulfillment of the conditions set out below and the terms and conditions of the Sale and Purchase Agreement and notwithstanding the liabilities of Mr. Cheung and Ms. Yeung under the Settlement Agreement are several and not joint, the Paying Parties shall procure KC Asset to transfer to the Company and/or its nominee(s) the Full Bright Shares and the Full Bright Loan within one (1) month upon the fulfillment of the conditions set out below at a consideration of HK\$82,616,623 in accordance with the terms and conditions of the Sale and Purchase Agreement, which said consideration payable by the Company shall be settled by the 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.

LETTER FROM THE BOARD

- (4) Upon full settlement of Yeung's Judgment Debt pursuant to (1) and (2) above, and upon Completion of the Transfer, Ms. Yeung's liability and obligations to perform under the Settlement Agreement shall be fulfilled and discharged, save for the obligations, including but not limited to the covenants, warranties and undertaking given by the Paying Parties, under the Settlement Agreement and the Sale and Purchase Agreement.
- (5) Upon completion of the set-off as stipulated in (2) above, and upon Completion of the Transfer, Mr. Cheung shall pay to the Company the remaining balance of Cheung's Judgment Interest and Cheung's Further Judgment Interest in cash by the following three (3) installments:
 - (i) Within 4 months immediately after Completion of the Transfer — HK\$20,000,000;
 - (ii) Within 8 months immediately after Completion of the Transfer — HK\$20,000,000; and
 - (iii) Within 12 months immediately after Completion of the Transfer — approximately HK\$48,152,494.68 and Cheung's Further Judgment Interest calculated up to the date of payment. All payments made or to be made by the Paying Parties under the Settlement Agreement shall be made in cleared funds, without any deduction and free and clear of and without deduction for or on account of any taxes, levies, imports, duties, charges, fees and withholdings of any nature now or hereafter imposed by any governmental or other authority save as required by law.

Due Diligence Review

The Company shall and shall procure that its advisers and agents, forthwith upon the entering into of the Settlement Agreement, conduct such review of the assets, liabilities, operations and affairs of Full Bright, Treasure Profit and the Commercial Property as it may consider appropriate and the Paying Parties and its advisers and agents shall provide and procure Full Bright, Treasure Profit and their agents to provide such assistance as the Company and its advisers and agents may require in connection with such review.

As at the Latest Practicable Date, the Company obtained its own valuation reports on the value of the Commercial Property and also copy of the management accounts of Full Bright Group from the Paying Parties prior to the entering into of the Sale and Purchase Agreement. The Company is conducting further due diligence on the Commercial Property, including but not limited to (i) review of the Commercial Property title; (ii) review of the existing tenancy agreements; (iii) review of the financial position of Full Bright and Treasure Profit. The Company is in the course of obtaining a title report from its legal adviser to confirm the legal title of the Commercial Property. As at the Latest Practicable Date, the title checking process is ongoing. Title checking is a time-consuming process and involves reviewing and inspection of title deeds and making relevant requisitions thereon. Relevant title deeds on the Commercial Property have been received and requisitions have been made based on the review of title deeds. Pursuant to the terms of the Settlement Agreement and the Sale and Purchase

LETTER FROM THE BOARD

Agreement, it is one of the conditions precedent that the Company being satisfied that there are no title defects to the Commercial Property. The Company will make further announcement(s) should any material title defects to the Commercial Property be identified. It is expected that the due diligence process, including the title checking, will be completed on or before 31 August 2012.

Conditions

The Settlement Agreement and the Settlement 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 Full Bright, Treasure Profit and the Commercial Property;
- (b) the Company being satisfied that there are no title defects to the Commercial Property and it is free from all encumbrances except the two existing tenancies as disclosed in writing to the Company prior to the signing thereof;
- (c) production of written evidence by the Paying Parties to the satisfaction of the Company that all debts and liabilities of Full Bright and Treasure Profit (other than the Full Bright Loan) having been discharged, released, waived or extinguished on or before 15 June 2012;
- (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 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 of the transactions contemplated under the Settlement), 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 Settlement and the transactions contemplated thereby (including but not limited to the transfer of the Full Bright Shares and the Full Bright Loan under the 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 (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 Commercial Property to be not less than HK\$83,000,000;
- (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 Full Bright, Treasure Profit and/or the status of the Commercial Property;

LETTER FROM THE BOARD

- (i) the entering into of the Sale and Purchase Agreement and the Sale and Purchase Agreement having become unconditional (other than the condition of the Settlement Agreement to become unconditional); and
- (j) no occurrence of any event of default as set out below and the warranties as set out in the Settlement.

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 August 2012 or such other date as the Company and the Paying Parties may agree, the Settlement Agreement shall cease and terminate and the Company shall be remitted to and be entitled to forthwith exercise and enforce against the Paying Parties and his/her respective assets in respect of the outstanding amount of his/her judgment debt (i.e. Cheung's Judgment Debt or Yeung'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 Settlement Agreement had never been executed.

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

Events of Default

Without prejudice to the terms set out in the Order, 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 Settlement Agreement and/or the Sale and Purchase Agreement;
- (b) any of the representations or warranties by any of the Paying Parties contained in the Settlement Agreement and/or the Sale and Purchase Agreement or made pursuant thereto proves to have been untrue or incorrect when made or deemed to have been made;
- (c) the Paying Parties fail to pay in accordance with the terms of the Settlement Agreement any sums thereunder when they fall due;
- (d) any of the Paying Parties, Treasure Profit and Full Bright 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, Treasure Profit or Full Bright becomes enforceable;
- (e) any decree or order is made by any competent court adjudging any of the Paying Parties, Treasure Profit or Full Bright 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, Treasure Profit or Full Bright in respect of all or a substantial part of his/her/its assets;

LETTER FROM THE BOARD

- (f) any of the Paying Parties, Treasure Profit or Full Bright 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, Treasure Profit or Full Bright;
- (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 Settlement Agreement and/or the Sale and Purchase Agreement is revoked;
- (i) the Settlement Agreement and/or the 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, Full Bright or Treasure Profit;
- (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 this Agreement and/or the Sale and Purchase Agreement and/or the Term Sheet 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 Settlement Agreement and/or the Sale and Purchase Agreement or the legality, validity and enforceability of the Settlement Agreement and/or the 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 Settlement Agreement and/or the Sale and Purchase Agreement;
- (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, Full Bright or Treasure Profit;

LETTER FROM THE BOARD

- (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, Full Bright or Treasure Profit to perform its obligations under the Settlement Agreement and/or the Sale and Purchase Agreement; or
- (o) any event of default under the Settlement Agreement and/or the Sale and Purchase Agreement (including but not limited to any breach of warranties therein) shall have occurred or is continuing.

In each and every case that an event of default occurs, the Company shall be remitted to and be entitled to forthwith exercise and enforce against the Paying Party(ies), whose judgment debt(s) (i.e. Cheung's Judgment Debt or Yeung's Judgment Debt or both, as the case may be) is (are) not fully settled at the material time(s) of the event(s) of default, and his/her assets in respect of the outstanding amount of his/her judgment debt (i.e. Cheung's Judgment Debt or Yeung's Judgment Debt or both, as the case may be) 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 Settlement Agreement had never been entered into.

For the avoidance of doubt, upon, and only upon, Ms. Yeung's fulfillment and discharge of her liability and obligation as stated in (1) to (4) in the manner of settlement above, the occurrence of the above event(s) in respect of Ms. Yeung, being one of the Paying Parties, shall not constitute event(s) of default insofar as Ms. Yeung is concerned.

Several Liabilities

Notwithstanding any of the terms contained in the Settlement Agreement and in the Sale and Purchase Agreement, the liabilities of Mr. Cheung and Ms. Yeung under the Settlement are several and not joint with the other party. In case if any of the Paying Parties fail to honour and/or perform any of the obligations in the Settlement Agreement, the other Paying Party is only responsible to honour and/or perform and is liable up to the outstanding amount of his/her own judgment debt (i.e. either Cheung's Judgment Debt or Yeung's Judgment Debt, as the case may be) as specified under the Order and his/her respective liabilities and obligations as specified in the Settlement Agreement and the Sale and Purchase Agreement.

Costs and Expenses

Mr. Cheung and Ms. Yeung 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 Settlement Agreement and all documents incidental or relating to the Settlement.

THE SALE AND PURCHASE AGREEMENT

Pursuant to the terms of the Settlement Agreement, the Paying Parties shall procure KC Asset to transfer to the Company and/or its nominee(s) the Full Bright Shares and the Full Bright Loan within one (1) month upon the fulfillment of the conditions set out in the Settlement Agreement at a consideration of HK\$82,616,623 in accordance with the terms and

LETTER FROM THE BOARD

conditions of the Sale and Purchase Agreement. On 26 June 2012, KC Asset as transferor, the Company as transferee together with Mr. Cheung and Ms. Yeung as several guarantors entered into the conditional Sale and Purchase Agreement in relation to the Transfer.

Date: 26 June 2012 (after trading hours)

Parties:

- Transferor: (1) KC Asset
- Transferee: (2) The Company
- Guarantors: (3) Mr. Cheung
(4) Ms. Yeung

The Transferor is interested in the entire issued share capital of Full Bright, the holding company of Treasure Profit, which in turn holds the Commercial Property. The Commercial Property was purchased by Treasure Profit in 2011 with the consideration of HK\$65,000,000. The Transferor is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings. The Guarantors are the ultimate beneficial owners of the Transferor. Each of the Guarantors has agreed to guarantee the performance by the Transferor of its obligations under the Sale and Purchase Agreement subject to and upon the terms and conditions thereof. 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 Mr. Cheung and Ms. Yeung are the ultimate beneficial owners of the Transferor, the Transferor is a connected person of the Company and thus the Transfer is a connected transaction as defined under Chapter 14A of the Listing Rules.

Interests to be Acquired

Pursuant to the Sale and Purchase Agreement, the Transferor shall as beneficial owner (i) transfer the Full Bright 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 Sale and Purchase Agreement; and (ii) assign the Full Bright Loan to the Transferee free from all Encumbrances together with all rights, title, benefits and interests of the Transferor in the Full Bright Loan with all rights now and hereafter attaching thereto with effect from the date of the Completion of the Transfer.

After Completion of the Transfer, as (i) Full Bright will become a wholly owned subsidiary of the Company and (ii) after the assignment of the Full Bright Loan as contemplated under the Transfer, Full Bright will be obliged to repay the Company for the Full

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Bright Loan, the Full Bright Loan will become an intra-group balance between the Company and Full Bright and therefore will not be classified as the Group's receivable or liabilities on a consolidated basis.

As the Full Bright Loan will be assigned and transferred to the Company upon Completion of the Transfer and the Company will become the creditor of Full Bright, the Full Bright Loan will not be released and discharged and the Full Bright Loan shall be repayable by Full Bright to the Company

Consideration

The aggregate consideration for the transfer of the Full Bright Shares and the assignment of the Full Bright Loan shall be the sum of HK\$82,616,623 which said consideration payable by the Transferee shall be settled 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 the Cheung's Judgment Interest.

The consideration was determined with reference to the average valuation of the Commercial Property of HK\$85,000,000 according to the valuations from independent professional valuers appointed by the Company, and a discount of HK\$2,000,000, representing 2.4% on the average valuation, offered by the Paying Parties. In light of the discount to the average valuation, the Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed in Appendixes I and II, the valuation reports on the Commercial Property show an average market value of HK\$85,000,000. This further reinforces the view of the Company that the consideration is fair and reasonable and is in the interest of the Company and Shareholders as a whole.

Although both Full Bright and Treasure Profit have net liabilities of approximately HK\$18,580 and HK\$757,332 respectively, as of 31 May 2012 such net liabilities are relatively small in amount in comparison with the value of the Commercial Property. After deduction of such net liabilities from the asset value of the Commercial Property, the balance of market value is still higher than the consideration of approximately HK\$82.6 million for the Transfer.

Due Diligence Review

The Transferee shall and shall procure that its agents and advisors shall forthwith upon the signing of the Sale and Purchase Agreement conduct such review of the assets, liabilities, operations and affairs of the Full Bright Group (including but not limited to the Commercial Property) as it may reasonably consider appropriate and Full Bright and the Transferor shall provide and procure the Full Bright Group and its agents to provide such assistance as the Transferee or its agents may reasonably require in connection with such review. The Company is in the course of obtaining a title report from its legal adviser to confirm the legal title of the Commercial Property. As at the Latest Practicable Date, the title checking process is ongoing. Title checking is a time-consuming process and involves reviewing and inspection of title deeds and making relevant requisitions thereon. Relevant title deeds on the Commercial Property have been received and requisitions have been made based on the review of title

LETTER FROM THE BOARD

deeds. Pursuant to the terms of the Settlement Agreement and the Sale and Purchase Agreement, it is one of the conditions precedent that the Company being satisfied that there are no title defects to the Commercial Property. The Company will make further announcement(s) should any material title defects to the Commercial Property be identified. It is expected that the due diligence process, including the title checking, will be completed on or before 31 August 2012.

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 Full Bright Group;
- (b) the Transferee being satisfied that there are no title defects to the Commercial Property and it is free from all Encumbrances (except the two existing tenancies as disclosed in writing to the Transferee prior to the signing thereof);
- (c) production of written evidence by the Transferor to the satisfaction of the Transferee that all debts and liabilities of Full Bright Group (other than the Full Bright Loan and the security deposit under the two respective tenancy agreements referred to in the Sale and Purchase Agreement) having been discharged, released, waived or extinguished on or before 15 June 2012;
- (d) all necessary consents and approvals required to be obtained on the part of the Transferee, the Transferor and the Full Bright Group in respect of the 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 of the Transferee (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 Settlement) 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 Settlement and the transactions contemplated thereby (including but not limited to the 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 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 Commercial Property to be not less than HK\$83,000,000;

LETTER FROM THE BOARD

- (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 Full Bright Group since the date of the Sale and Purchase Agreement; and
- (j) the entering into of the Settlement Agreement and the Settlement Agreement having become unconditional (other than the condition of the 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 August 2012, or such later date as the Transferor and the Transferee may agree in writing, the 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 Transferor and the Guarantors and their respective assets in respect of the full amount of the Judgment Debts and any interest accrued thereon and any outstanding sum under the Judgment Debts or any outstanding balance thereof all such rights and remedies as the Transferee would have been entitled to exercise as if the Sale and Purchase Agreement had never been executed and for the avoidance of doubts, Ms. Yeung's liabilities under the Sale and Purchase Agreement are limited to the outstanding amount of Yeung's Judgment Debt, as specified under the Order but the Transferor and each of the Guarantors 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 Transfer, including but not limited to the due diligence review to be conducted thereunder and the title checking on the Commercial Property.

As at the Latest Practicable Date, save for conditions (c) and (g), the other conditions have not been fulfilled yet.

Completion

Completion shall take place on the date falling on the third Business Day after the fulfillment of the conditions set out in the Sale and Purchase Agreement, or such later date as the Transferor 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 Sale and Purchase Agreement).

Several Liabilities

The liabilities of the Transferor and Mr. Cheung under the Sale and Purchase Agreement are joint and several.

The liabilities of Mr. Cheung and Ms. Yeung under the Sale and Purchase Agreement are several and not joint with the other.

Limitation of Liabilities

There is limitation of the liabilities of the Transferor under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

The Transferor shall not be liable for any claim under the Sale and Purchase Agreement unless written notice containing reasonable details of the claim is served on the Transferor.

The liability of the Transferor in connection with the warranties in the Sale and Purchase Agreement shall cease on the expiration of three months after the date of Completion of the Transfer.

The Transferor's and the Guarantor's total aggregate liability in respect of any claim under the Sale and Purchase Agreement shall not exceed HK\$82,616,623.

INFORMATION OF FULL BRIGHT GROUP

Full Bright and Treasure Profit are both in net liabilities position mainly as a result of the depreciation provision for the Commercial Property. For Treasure Profit, its assets mainly comprised the Commercial Property. Apart from the shareholder loan, Treasure Profit's liabilities mainly comprised deposits received under the existing tenancies. Pursuant to the Sale and Purchase Agreement, the Full Bright Loan, i.e. the shareholder loan, will be fully assigned to the Group upon Completion of the Transfer.

Full Bright and Treasure Profit have no other business activities, major liabilities and litigation save for the information described below.

Full Bright

Full Bright is a company incorporated in the British Virgin Islands on 15 March 2011 and is an investment holding company

Set out below is the financial information of Full Bright based on its audited financial statements:

	For the period from 15 March 2011 (date of incorporation) to 31 May 2012 (Audited) HK\$
Loss before taxation	18,596
Loss after taxation	18,596
Net liabilities as at 31 May 2012	18,580

Treasure Profit

Treasure Profit is a company incorporated in Hong Kong on 7 April 2011 and is principally engaged in investment holding. Treasure Profit is the legal owner of the Commercial Property which is currently leased out to two tenants with monthly rentals of HK\$98,895.00 per month and HK\$32,250.00 per month respectively.

LETTER FROM THE BOARD

The major terms of the two tenancy agreements are as follows:

	Tenancy agreement 1	Tenancy agreement 2
Tenant	A broker firm	An accounting firm
Term of tenancy	Form 20 July 2010 to 19 July 2013	Form 22 February 2012 to 21 February 2013
Rental	HK\$98,895	HK\$32,250
Deposit	HK\$343,332	HK\$71,165
Rent free period	From 20 July 2010 to 4 October 2010	From 22 January 2013 to 21 February 2013

Set out below is the financial information of Treasure Profit based on its audited financial statements:

	For the period from 7 April 2011 (date of incorporation) to 31 May 2012 (Audited) HK\$
Loss before taxation	757,333
Loss after taxation	757,333
Net liabilities as at 31 May 2012	757,332

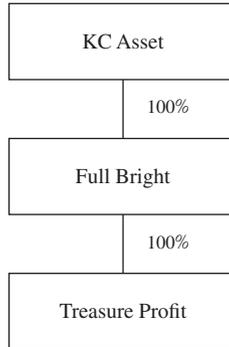
After Completion of the Transfer, Full Bright and Treasure Profit shall be treated as wholly owned subsidiaries of the Group and their results will be consolidated into the consolidated financial statements of the Group.

LETTER FROM THE BOARD

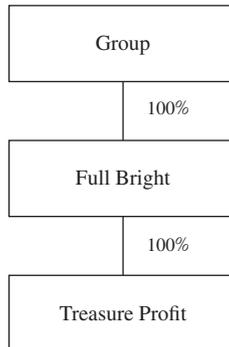
Group Structure

The following charts show the group structure of Full Bright Group as at the Latest Practicable Date and immediately after the Completion of the Transfer:

As at the Latest Practicable Date



Immediately after Completion of the Transfer



REASONS FOR THE SETTLEMENT AND THE TRANSFER

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

Reasons for the Settlement

The Directors have considered different modes or methods of enforcement of the Judgment against Mr. Cheung and Ms. Yeung and have noted that considerable time and financial resources would be needed in the enforcement process while the outcome of enforcement would be uncertain.

The Company has considered different enforcement methods, including but not limited to garnishee proceedings, charging order proceedings, prohibition order proceedings, examination order proceedings and bankruptcy proceedings. As such enforcement methods will involve additional court procedures, the Directors are of the view that considerable time and financial

LETTER FROM THE BOARD

resources would be required for such court proceedings. Furthermore, the efficiency and certainty of such enforcement methods will depend upon various factors, such as the financial position of the Paying Parties and the market circumstances in respect of any forced sale of assets of the Paying Parties. As such, the Directors are of the view that the outcome of such modes of enforcement is of less certainty in comparison with the Settlement. The Directors consider that the Settlement can save time and financial resources of the Company and is certain in terms of outcome. Upon the Settlement, the Group's resources and efforts can be concentrated on its operation and development. The Settlement Agreement were arrived at after arm's length negotiations between the parties thereto.

Reasons for the Transfer

After Completion of the Transfer, the Company intends to use the Commercial Property as office for the Group's securities dealing and broking operations and this will save the rental costs and expenses currently incurred by the Group.

The Transfer is conducted in the form of company transfer rather than directly transfer of the title of the Commercial Property as the Paying Parties would like to save stamp duty payable for direct transfer of the title of the Commercial Property and this was a commercial decision between the Paying Parties and the Company. In light of the saving on the stamp duty, the Paying Parties were willing to offer a discount of approximately HK\$2,000,000 payable by the Company for the Commercial Property in comparison with the average valuation as detailed below. Furthermore, the Directors consider that the taking up of Full Bright instead of the direct transfer of legal title of the Commercial Property will allow the Group to have further flexibility in future realisation of the Commercial Property by disposing of Full Bright instead of direct transfer of the Commercial Property title.

In addition, as a creditor of Full Bright after Completion of the Transfer, the Company with other creditors of Full Bright will have liquidation priority in comparison with its position as being merely a shareholder of Full Bright. Furthermore, the Full Bright Loan will become an intra-group balance between the Company and Full Bright after completion of the Transfer and has no implications on the overall Group financial position upon consolidation. In this regard, the Company considers that it is in the interests of the Group to have the Full Bright Loan assigned to the Company instead of a waiver of the Full Bright Loan.

The Sale and Purchase Agreement were entered into between the Company and the Transferor after arm's length negotiations. The Company has obtained an average valuation of approximately HK\$85,000,000 on the Commercial Property from independent valuers prior to the entering into of the Sale and Purchase Agreement and has negotiated a discount of approximately HK\$2,000,000 thereon, which represents a discount of approximately 2.4% on the average valuation of the Commercial Property. Given the need of the Group's securities dealing and broking operations and in light of the discount of consideration payable by the Company under the Sale and Purchase Agreement to the valuation of the Commercial Property, the Directors consider that the terms of the Sale and Purchase Agreement are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

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

GENERAL AND 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 Mr. Cheung and Ms. Yeung are the ultimate beneficial owners of the Transferor, the Transferor is a connected person of the Company and thus the Transfer is a connected transaction as defined under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Transfer exceeds 5% but less than 25%, the Transfer also constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The 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. While the Settlement is not a connected transaction under the Listing Rules, as the Transfer forms part of the Settlement, the Settlement Agreement and the transactions contemplated thereunder will be subject to Independent Shareholders' approval at the SGM. Each of Mr. Cheung and Ms. Yeung and their respective associates (including K.Y. Limited, K.C. (Investment) Limited and KC Asset) shall abstain from voting on the proposed resolution(s) approving the Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

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 Settlement Agreement, the Sale and Purchase Agreement and the transaction 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

A notice of the SGM is set out on pages 59 to 60 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the SGM will be by poll. Each of Mr. Cheung and Ms. Yeung and their respective associates will abstain from voting on the resolution(s) to be proposed at the SGM to approve the Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A form of proxy for the SGM is enclosed herewith. Whether or not you are able to attend and vote at the SGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular which contains its recommendation to the Independent Shareholders on transactions under the Settlement Agreement and the Sale and Purchase Agreement. Your attention is also drawn to the letter of advice from the Independent Financial Adviser as set out on pages 27 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 Settlement Agreement and the Sale and Purchase Agreement and the transactions contemplated thereunder. Based on the advice from the Independent Financial Adviser and the Independent Board Committee, the Directors recommend the Independent Shareholders to approve the Settlement Agreement and the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully
By Order of the Board
Styland Holdings Limited
Ng Yiu Chuen
Director



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

14 August 2012

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF FULL BRIGHT GLOBAL LIMITED
AS PART OF THE SETTLEMENT**

We refer to the circular of the Company to the Shareholders dated 14 August 2012 (the “**Circular**”), 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 the 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 Settlement Agreement, the Sale and Purchase 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 27 to 44 of the Circular and the letter from the Board as set out on pages 6 to 24 of the Circular.

Having considered, among other things, the factors and reasons taken into account by Board as set out in its letter, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Settlement Agreement, the Sale and Purchase 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

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 in relation to the Settlement Agreement and the Sale and Purchase 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

14 August 2012

*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 FULL BRIGHT GLOBAL LIMITED AS PART OF THE 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 the Settlement Agreement and the Sale and Purchase Agreement, details of which are contained in the “Letter from the Board” of the circular dated 14 August 2012 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 7 March 2012, the Judgment was received by the Company, pursuant to which the High Court of Hong Kong (the “**Court**”) ordered, *inter alia*, Mr. Cheung and Ms. Yeung shall pay to the Company the Principals of HK\$85,950,000 with interest thereon compounded annually at the rate of 1% above the prime rate quoted by HSBC for periods from the respective date of the concerned transactions in relation to the petition brought by the Securities and Futures Commission (as detailed in the Company’s announcement dated 7 December 2011 and 7 March 2012) to the date of the Judgment and at the judgment rate after the date of the Judgment until full payment of the Principals. As at the date of the Judgment, the total amount payable by the Paying Parties pursuant to the terms of the Order was HK\$190,628,975.21 which comprised the Principals, Cheung’s Judgment Interest and Yeung’s Judgment Interest (the “**Order Sum**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 7 June 2012, the Company entered into the Term Sheet with Mr. Cheung and Ms. Yeung in relation to the Settlement. Upon further arm's length negotiations between the relevant parties, on 26 June 2012, (i) the Company, Mr. Cheung and Ms. Yeung entered into the Settlement Agreement which sets out the terms agreed among the parties thereto in relation to the Settlement; and (ii) the Company, KC Asset, Mr. Cheung and Ms. Yeung entered into the Sale and Purchase Agreement in relation to the transfer of the Full Bright Shares and assignment of the Full Bright Loan to the Company at a consideration of HK\$82,616,623 as contemplated, *inter alia*, under the Settlement Agreement.

As at the Latest Practicable Date, Mr. Cheung was 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 and Ms. Yeung are the ultimate beneficial owners of KC Asset. KC Asset is a connected person of the Company and thus the Transfer constitutes a connected transaction that is subject to the requirements of reporting, announcement and approval of the Independent Shareholders as defined under Chapter 14A of the Listing Rules. As the Transfer forms parts of the Settlement, the Settlement Agreement and the transactions contemplated thereunder will be subject to Independent Shareholders' approval at the SGM. 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 established to advise the Independent Shareholders as to whether (i) the terms of the Settlement Agreement and the Sale and Purchase Agreement are on normal commercial and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Settlement and the Transfer 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 Settlement Agreement and the Sale and Purchase Agreement for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

II. BASIS AND ASSUMPTIONS

In formulating our opinion, we have relied upon the statements, information, opinions and representations contained in the 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 the Circular. We have assumed that all the opinions and representations made or provided by the Directors contained in the Circular 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 and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed all available 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

In formulating our opinion and recommendation in relation to the Settlement Agreement and the Sale and Purchase Agreement, we have taken into account, *inter alia*, the following principal factors and reasons:

1. 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, brokerage, 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 2012 as extracted from the Company's annual report for the year ended 31 March 2012:

	As at 31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Total assets	420,507	438,876
Total liabilities	109,203	168,526
Net assets	311,304	270,350
	For the year ended	
	31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Revenue	42,600	86,655
Profit for the year attributable to owners of the Company	10,212	64,469

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As depicted from the table above, the Group's revenue for the year ended 31 March 2012 was approximately HK\$42.6 million representing a decrease of approximately 50.8% as compared to that of the previous year. The decrease in revenue was mainly attributed to the decrease in the Group's brokerage business and general trading business, which accounted for approximately 45.3% and 36.1% respectively of the Group's total revenue. During the year, the Group's securities dealing and brokerage business was adversely affected by investors' concerns over the recovery of the economy of the United States of America and the deteriorating debt crisis in the European countries. The decrease in general trading business was due to the Group's tightening product quality controls, thus reducing its purchases of food products with a view to reducing its operational risk arising from deteriorated inventories, and customers' concerns over Japanese food after the earthquake occurred in Japan in 2011. The Group will review the performance of the trading business and may reallocate its internal resources to more profitable business if this line of business does not improve in the near future.

For the year ended 31 March 2012, other income was recorded at approximately HK\$89.9 million which included the Judgment Debts of approximately HK\$86.0 million to be recovered from the Paying Parties. Despite this, profit for the year attributable to owners of the Company was recorded at approximately HK\$10.2 million representing a decrease of approximately 84.2% as compared to that of the previous year. This was mainly due to the decrease in revenue, an impairment loss made for promissory note receivable of approximately HK\$43.0 million, and decrease in fair value of financial assets at fair value through profit or loss of approximately HK\$16.6 million. Also, gain on disposal of financial assets at fair value through profit or loss reduced to approximately HK\$4.2 million as compared to approximately HK\$36.4 million in the previous year. In February 2010, the Group entered into a conditional sale and purchase agreement with an Independent Third Party to dispose of 90% equity interest in a former subsidiary of the Company namely Onland Investment Limited and its subsidiaries (the "**Onland Group**") (the "**Disposal**"). The Disposal was at a total consideration of HK\$48.0 million of which HK\$4.0 million was satisfied in cash and the remaining HK\$44.0 million was satisfied by the promissory note issued by the purchaser and was secured by the charge of the 90% equity interest in the Onland Group by the purchaser. The promissory note remains outstanding since its maturity. The Group is currently seeking legal advice and considering various alternatives in dealing with the matter, including but not limited to, taking legal actions to enforce its right under the charge and negotiation with the purchaser for settlement.

As at 31 March 2012, the Group had consolidated net assets of approximately HK\$311.3 million (2011: approximately HK\$270.4 million). The Group's assets mainly comprised the Judgment Debts due from the Paying Parties of approximately HK\$86.0 million, client trust funds in respect of its securities dealing and brokerage businesses, bank balances and cash, and an investment property. The investment property is a residential premise located in the New Territories, Hong Kong held for re-development purpose and was pledged for banking facilities granted to the Group. The major liabilities of the Group were trade and bills payables which mainly represented the corresponding

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balances of client trust funds as mentioned above, Mr. Cheung's Loan and bank borrowings. As at 31 March 2012, the Group's gearing ratio (being total liabilities divided by total assets) was approximately 26.0%.

As learnt from the management of the Group, they have allocated more resources to the money lending business. It is expected that this line of business will become a key growth driver and major source of income for the Group in the future. According to the Hong Kong Monetary Authority, corporate loans and advances granted by authorised institutions had a growth of approximately 14.8 % in 2011 over that of 2010. For the same period, growth for personal loans (excluding credit card advances) granted by authorised institutions was recorded at 8.1%. Based on this and the tightening lending policy adopted by banks, we consider that the Group can further expand its money lending business by taking advantage of its cash position which will be further enhanced upon the Settlement. According to the website of the Stock Exchange, total trading volume and value for the shares listed on the Stock Exchange for the six months ended 30 June 2012 decreased by approximately 6.8% and 22.2% respectively as compared to same period of last year. Despite this, given the Group's intention to consolidate the operation of its brokerage business in one floor by moving to the Commercial Property as mentioned below, we agree that the expanded trading floor area and better operating efficiency will enhance the Group's future growth in this line of business.

2. The Settlement Agreement

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 Paying Parties irrevocably covenant with the Company that the Paying Parties shall settle the Judgment Debts in the manner as set out in the Settlement Agreement. Detailed terms of the Settlement Agreement were set out in the "Letter from the Board" in the Circular.

Manner of the Settlement

Pursuant to the Settlement Agreement, Mr. Cheung and Ms. Yeung would settle the Judgment Debts in the manner as follows:

- (1) Upon the signing of the Term Sheet, the Paying Parties have paid the Company a sum of HK\$10,000,000 in cash, which shall not be refundable in any circumstances, in partial satisfaction of Yeung's Judgment Debt, which shall be applied to settle, first, Yeung's Principal, and then Yeung's Judgment Interest.
- (2) Subject to and immediately upon the fulfillment of the conditions set out in the Settlement Agreement, Mr. Cheung and the Company shall execute the Deed of Set Off on the date upon the fulfillment of the conditions set out in the Settlement Agreement (or such other date as the parties thereto may agree), pursuant to which Mr. Cheung's Loan owed by the Company to Mr. Cheung shall be applied to set off on a dollar to dollar basis against, first, the remaining balance of Yeung's Judgment Interest and Yeung's Further

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Judgment Interest, and any balance thereof shall then be applied to partially set off against Cheung's Principal, irrespective of the maturity date of Mr. Cheung's Loan.

- (3) Subject to the fulfillment of the conditions set out in the Settlement Agreement and the terms and conditions of the Sale and Purchase Agreement and notwithstanding the liabilities of Mr. Cheung and Ms. Yeung under the Settlement Agreement are several and not joint, the Paying Parties shall procure KC Asset to transfer to the Company and/or its nominee(s) the Full Bright Shares and the Full Bright Loan within one (1) month upon the fulfillment of the conditions set out in the Settlement Agreement at a consideration of HK\$82,616,623 in accordance with the terms and conditions of the Sale and Purchase Agreement, which said consideration payable by the Company shall be settled by the 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.
- (4) Upon full settlement of Yeung's Judgment Debt pursuant to (1) and (2) above, and upon Completion of the Transfer, Ms. Yeung's liability and obligations to perform under the Settlement Agreement shall be fulfilled and discharged, save for the obligations, including but not limited to the covenants, warranties and undertaking given by the Paying Parties, under the Settlement Agreement and the Sale and Purchase Agreement.
- (5) Upon completion of the set-off as stipulated in (2) above, and upon Completion of the Transfer, Mr. Cheung shall pay to the Company the remaining balance of Cheung's Judgment Interest and Cheung's Further Judgment Interest in cash by the following three (3) installments:
 - (i) Within 4 months immediately after Completion of the Transfer — HK\$20,000,000;
 - (ii) Within 8 months immediately after Completion of the Transfer — HK\$20,000,000; and
 - (iii) Within 12 months immediately after Completion of the Transfer — approximately HK\$48,152,494.68 and Cheung's Further Judgment Interest calculated up to the date of payment. All payments made or to be made by the Paying Parties under the Settlement Agreement shall be made in cleared funds, without any deduction and free and clear of and without deduction for or on account of any taxes, levies, imports, duties, charges, fees and withholdings of any nature now or hereafter imposed by any governmental or other authority save as required by law.

3. The Sale and Purchase Agreement

Pursuant to the terms of the Settlement Agreement, the Paying Parties shall procure KC Asset to transfer to the Company and/or its nominee(s) the Full Bright Shares and the Full Bright Loan within one (1) month upon the fulfillment of the conditions set out in the Settlement Agreement at a consideration of HK\$82,616,623 in accordance with the terms and conditions of the Sale and Purchase Agreement. On 26 June 2012, KC Asset as transferor, the Company as transferee together with Mr. Cheung and Ms. Yeung as several guarantors entered into the conditional Sale and Purchase Agreement in relation to the Transfer. Detailed terms of the Sale and Purchase Agreement were set out in the “Letter from the Board” in the Circular.

4. Reasons for the Settlement and the Transfer

As set out in the “Letter from the Board” in the Circular, the Directors have considered different modes or methods of enforcement of the Judgment against the Paying Parties. The Directors consider that the Settlement can save time and financial resources of the Company and is certain in terms of outcome. Upon the Settlement, the Group’s resources and efforts can be concentrated on its operation and development of its business.

Pursuant to the Judgment, the Paying Parties were ordered to pay to the Company an amount of HK\$85,950,000 together with (i) the judgment interest compounded annually at the rate of 1% above the prime rate quoted by HSBC from the respective dates of the transactions concerned until the date of the Order (the “**Judgment Interest**”, comprising Yeung’s Judgment Interest and Cheung’s Judgment Interest); and (ii) interest to be accrued annually at the judgment rate from the following date of the Order until full payment of each of Yeung’s Principal and Cheung’s Principal (the “**Further Judgment Interest**”, comprising Yeung’s Further Judgment Interest and Cheung’s Further Judgment Interest).

As at the date of the Judgment, the Order Sum calculated according to the terms of the Order was HK\$190,628,975.21. We have checked the applicable interest rates and calculation of such sum and consider that the Order Sum was fairly calculated according to the terms of the Order. In accordance with the Judgment, the interest accrued on the Principals is calculated at different rates for two stages. The interest accrued on the Principals for the period from the respective dates of the concerned transactions to the date of Judgment is compounded annually at the rate of 1% above the prime rate quoted by HSBC. We were confirmed by the Company and its legal adviser that after the date of Judgment, the interest accrued on the Principals shall be calculated as simple interest at the judgment rate pursuant to section 49 of the High Court Ordinance. The Judgment does not provide that the interest accrued at the first stage should be regarded as part of the principal sum for the purpose of calculating interest after the date of Judgment.

After discussion with the Company, we noted that the Directors have consulted its legal adviser on different modes or methods to recover the Judgment Debts, including but not limited to, enforcement of the Judgment against the Paying Parties and negotiation with the Paying Parties on the settlement of the Judgment Debts. Enforcement methods considered by the Board include, but not limited to, garnishee proceedings, charging order

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proceedings, prohibition order proceedings, examination order proceedings and bankruptcy proceedings. They have taken into account of, including but not limited to, the following factors:

- (i) the terms of settlement being offered by the Paying Parties;
- (ii) the legal costs to be incurred and time to be taken if legal proceedings are brought in order to enforce the Judgment; and
- (iii) the certainty in respect of the timeframe for the recovery of the Judgment Debts.

Terms of settlements

Pursuant to the Settlement Agreement, the Judgment Debts will be settled by cash, set-off of Mr. Cheung's Loan and the Transfer.

(a) Settlement of the Judgment Debts

Pursuant to the Settlement Agreement, cash and consideration of the Transfer shall be used to settle the Judgment Debts in the following sequence:

- (i) Yeung's Principal;
- (ii) Yeung's Judgment Interest;
- (iii) Yeung's Further Judgment Interest;
- (iv) Cheung's Principal;
- (v) Cheung's Judgment Interest; and lastly
- (vi) Cheung's Further Judgment Interest.

Upon Completion of the Transfer and completion of the Deed of Set Off, the Company will be paid by approximately HK\$102.6 million by way of (i) the non-refundable cash of HK\$10.0 million received on 7 June 2012; (ii) the set-off of Mr. Cheung's Loan for HK\$10.0 million; and (iii) the Transfer at the consideration of approximately HK\$82.6 million. By that time, Yeung's Judgment Debt and Cheung's Principal will be fully settled and Cheung's Judgment Interest will be partially settled. The balance of Cheung's Judgment Interest and Cheung's Further Judgment Interest will be paid off by cash in three installments within 12 months immediately after Completion of the Transfer in the manner as stipulated in point (5) of the "Manner of Settlement" as set out above.

The following tables show the outstanding balances of the Principals and Judgement Interest as at the date of the Order and upon Completion of the Transfer and completion of the Deed of Set Off, assuming the Settlement Agreement becomes unconditional, under the scenarios that (i) the Principals are settled before Judgment Interest and Further Judgment Interest according to the manner of settlement

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pursuant to the Settlement Agreement, and (ii) for illustrative purpose, Judgment Interest and Further Judgment Interest are settled before the Principals. The prevailing judgment rate of 8% per annum as stipulated by the Court is used for the calculation of Further Judgment Interest.

Scenario 1 — Pursuant to the manner of settlement as set out in the Settlement Agreement, the Principals will be fully settled before repayment of Judgment Interest and Further Judgment Interest

	As at the date of the Order (HK\$)	Upon Completion of the Transfer and completion of the Deed of Set Off (HK\$)
Principals		
Yeung's Principal	6,950,000	Nil
Cheung's Principal	<u>79,000,000</u>	<u>Nil</u>
Total	<u><u>85,950,000</u></u>	<u><u>Nil</u></u>
Judgment Interest		
Yeung's Judgment Interest	8,317,713	Nil
Cheung's Judgment Interest	<u>96,361,262</u>	<u>88,152,495</u>
Total	<u><u>104,678,975</u></u>	<u><u>88,152,495</u></u>

Note: Upon Completion of the Transfer and completion of the Deed of Set Off, the Judgment Debts will be repaid by approximately HK\$102.6 million representing (i) Yeung's Judgment Debt amounting to approximately HK\$15.4 million which comprises Yeung's Principal, Yeung's Judgment Interest and Yeung's Further Judgment Interest (calculated at approximately HK\$0.14 million up to 31 August 2012); and (ii) Cheung's Principal and part of Cheung's Judgment Interest totaling approximately HK\$87.2 million. Further Judgment Interest to be accrued up to the date of Completion of the Transfer and completion of the Deed of Set Off was not included in the above table.

As learnt from the above, the Principals will be fully settled upon Completion of the Transfer and completion of the Deed of Set Off. Assuming Completion of the Transfer is taken place on 31 August 2012 i.e. the long stop date for fulfillment of the conditions precedent to the Sale and Purchase Agreement, total Further Judgment Interest to be accrued from the following date of the Order to the full payment of the Principals is calculated at approximately HK\$3.2 million. Accordingly, Judgment Debts receivable from the Paying Parties under the Settlement is approximately HK\$193.8 million.

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Scenario 2 — Assuming the Judgment Interest and Further Judgment Interest are settled before the Principals (for illustrative purpose)

	As at the date of the Order (HK\$)	Upon Completion of the Transfer and completion of the Deed of Set Off (HK\$)
Principals		
Yeung's Principal	6,950,000	Nil
Cheung's Principal	79,000,000	79,000,000
Total	85,950,000	79,000,000
Judgment Interest		
Yeung's Judgment Interest	8,317,713	Nil
Cheung's Judgment Interest	96,361,262	12,318,011
Total	104,678,975	12,318,011

Note: Upon Completion of the Transfer and completion of the Deed of Set Off, Judgment Debts will be repaid by approximately HK\$102.6 million representing (i) Yeung's Judgment Debt amounting to approximately HK\$15.5 million which comprises Yeung's Principal, Yeung's Judgment Interest and Yeung's Further Judgment Interest (calculated at approximately HK\$0.24 million up to 31 August 2012); and (ii) Cheung's Further Judgment Interest and part of Cheung's Judgment Interest totaling approximately HK\$87.1 million. Further Judgment Interest to be accrued up to the date of Completion of the Transfer and completion of the Deed of Set Off was not included in the above table.

The above calculation was based on (i) Yeung's Judgment Debt will be fully discharged before any of Cheung's Judgment Debt is settled; and (ii) all Judgment Interest and Further Judgment Interest are settled before the Principals. Assuming Completion of the Transfer is to take place on 31 August 2012 i.e. the long stop date for fulfillment of the conditions precedent to the Sale and Purchase Agreement, total Further Judgment Interest to be accrued from the date of the Order to the final payment of the Principals is calculated at approximately HK\$8.8 million. Accordingly, should Judgment Interest and Further Judgment Interest be settled before the Principals, Judgment Debts receivable from the Paying Parties is approximately HK\$199.4 million.

According to the counsel opinion dated 14 July 2012 addressed to the Company, a judgment debtor has a primary right to appropriate the repayment of principal and interest. Whilst it was not specified in the Judgment and that it is not

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disallowed by laws for debtors repaying principals before accrued interest, based on our calculation, the Company would receive additional Judgment Debts represented by Further Judgment Interest, of approximately HK\$5.6 million if accrued interest is settled by the Paying Parties before any repayment of the Principals. Despite the shortfall of interest which would be received, given that (i) the additional Further Judgment Interest represents only approximately 2.9% of the Order Sum; (ii) approximately 53.8% of the Order Sum will be repaid upon Completion of the Transfer and completion of the Deed of Set-Off; (iii) the discount of HK\$2.0 million to the average valuation of the Commercial Property used as a basis of the determination of the consideration of the Transfer will partially offset the additional Further Judgment Interest; and (iv) the Judgment Debts will be settled in a definite timeframe under the Settlement, we consider that the settlement sequence pursuant to the Settlement Agreement is fair and reasonable.

(b) Settlement by the Transfer

Pursuant to the Settlement Agreement, the Paying Parties shall procure KC Asset to transfer to the Company and/or its nominee(s) the Full Bright Shares and the Full Bright Loan at a consideration of HK\$82,616,623.

(i) Information on the Full Bright Group

Mr. Cheung and Ms. Yeung are the ultimate beneficial owners of Full Bright which is an investment company incorporated in the British Virgin Islands. Each of them owns 50% of the issued share capital of Full Bright which holds the entire interest of Treasure Profit. Treasure Profit is a company incorporated in Hong Kong and is the legal owner of the Commercial Property. Set out below are the financial highlights of Full Bright and Treasure Profit as extracted from their respective audited accounts for the respective periods.

	Full Bright	Treasure Profit
	For the period from 15 March 2011 (date of incorporation) to 31 May 2012 (audited) HK\$	For the period from 7 April 2011 (date of incorporation) to 31 May 2012 (audited) HK\$
Loss before taxation	18,596	757,333
Loss after taxation	18,596	757,333
Net liabilities	18,580	757,332

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According to the audited accounts of Full Bright and Treasure Profit as at 31 May 2012, the major liabilities of these companies were shareholder loans. For Treasure Profit, its assets mainly comprised the Commercial Property. Apart from the shareholder loan, Treasure Profit's liabilities also mainly comprised rental deposit received under the existing tenancies whereas its revenue was the rental income as mentioned below. Pursuant to the Sale and Purchase Agreement, the Full Bright Loan i.e. the shareholder loan will be fully assigned to the Group upon Completion of the Transfer.

(ii) The Commercial Property

The Commercial Property is a commercial premise located at Central, Hong Kong with a saleable area of approximately 5,000 square feet (“**sq.ft.**”) of which approximately 4,000 sq.ft. is currently leased to Independent Third Parties under two tenancy agreements with expiries in February and July 2013 respectively with an aggregate monthly rental of approximately HK\$0.13 million. The remaining area of approximately 1,000 sq.ft. remains vacant. The Commercial Property is a Grade B office premise (as classified by the Rating and Valuation Department) located in the core of Central, Hong Kong. The Company has engaged two independent firms of professional valuers to provide valuation on the Commercial Property. Whilst same approach has been adopted by these two firms i.e. the direct comparison approach on its existing state, the valuations of the Commercial Property were reported at HK\$86.0 million and HK\$84.0 million respectively, of which valuation reports were set out in Appendix I and II to the Circular respectively. For prudent purpose, the Company has used the average of these values i.e. HK\$85.0 million, for the determination of the consideration of the Transfer. We have discussed with the valuers engaged by the Company on their basis and assumptions as set out in the respective valuation reports and consider that the basis and assumptions are fair and reasonable and the approach adopted for their valuation is appropriate.

For the purpose of determination of the consideration of the Transfer, the Company had negotiated with the Paying Parties a discount of HK\$2.0 million i.e. 2.4% of the average valuation of HK\$85.0 million of the Commercial Property. Based on the discounted value of the Commercial Property at HK\$83.0 million and after taking into account of the net current liabilities of Full Bright and Treasure Profit as at 31 May 2012, the consideration of the Transfer was determined at approximately HK\$82.6 million. If the market value of the Commercial Property of HK\$86.0 million is used, the discount will be HK\$3.0 million i.e. approximately 3.5%. In view of the discount taken and the adoption of an average valuation, we consider that the basis of the determination of the consideration of the Transfer is fair and reasonable.

As discussed with the management of the Company, we understand that the Group intends to hold the Commercial Property for self-use purpose after expiry of the two tenancies. Currently, Ever-Long Securities Company Limited (“**Ever-Long**”), a wholly owned subsidiary of the Company engages in the

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business of securities brokerage, is occupying office premises on different floors of a commercial building at Central, Hong Kong. The total floor area occupied by Ever-Long is approximately 4,400 sq.ft. at a total monthly rental of approximately HK\$78,000. These tenancies will be expired on 31 March 2013 and the Group expects a rental increase in view of the current market situation. As one of the units in the Commercial Property is being leased by a securities firm, the Group expects that Ever-Long can move into the premises without incurring substantial cost on refurbishment and its efficiency can also be enhanced by consolidating its operations in one floor. Based on the rentals being paid by Ever-Long, the Group will save rental expenses of approximately HK\$0.94 million per annum.

Despite the Company will be transferred of the Commercial Property by way of the Transfer in lieu of cash repayment for part of the Judgment Debts, the Directors believe that they are able to take advantage of the satisfactory quality and location of the Commercial Property for the benefit of the Group, including holding it for self-use purpose as mentioned above or as security for bank financing in order to enhance its cash flow or for investment purpose. We learnt from the Directors that the Board currently does not have any intention to sell the Commercial Property.

Based on the existing tenancies, annual rental income of approximately HK\$1.56 million is being derived from the Commercial Property. According to the Hong Kong Property Review Monthly Supplement (July 2012) published by the Rating and Valuation Department, average monthly rental per square metre of Grade B office in Central in May 2012 decreased by approximately 2.0% as compared to that in January 2012 and increased by approximately 11.1% as compared to that in May 2011. In view of the recent trend of relocation of Grade A office tenants to Grade B office premises in core commercial area for rental saving, it is expected that the demand for Grade B office in Central will be steady.

According to the information provided by the Company, we noted that the Commercial Property was previously mortgaged to a bank for a 30-year term loan of HK\$30.0 million at an interest rate of 2.5% per annum i.e. monthly interest expenses of approximately HK\$61,000. Based on this, if the Commercial Property is pledged for bank loans, the interest expenses will be covered either by the savings on rental expenses being incurred by Ever-Long if it relocates its office to the Commercial Property or the rental income to be generated if the Commercial Property is leased to Independent Third Parties. In view of the Company's low debt ratio of approximately 1.83% (being total bank borrowings to total equity) as at 31 March 2012, we concur with the Directors that the Group's financially position will not be adversely affected if loan facility is obtained against the charge of the Commercial Property.

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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 Treasure Profit which directly holds the Commercial Property and was established in Hong Kong may attract stamp duty as its sole asset is the Commercial Property from which rental income is derived. On the other hand, the transfer of Full Bright which is a company established in the British Virgin Islands will not be subject to any stamp duty.

Given that (i) Full Bright is the ultimate holding company of the Commercial Property and has no business activities; (ii) the assets of the Full Bright Group are bank balances and the Commercial Property; (iii) all debts and liabilities (except the Full Bright Loan and the rental deposit received under the existing tenancies) of the Full Bright Group had been discharged as at the date of the Sale and Purchase Agreement; (iv) due diligence will be conducted by the Company on the assets, liabilities, operations and affairs of the Full Bright Group and the Commercial Property; and (v) the Guarantors guarantee the obligations of the Transferor under the Sale and Purchase Agreement, we consider that the transfer of the Full Bright Shares and the Full Bright Loan instead of a direct transfer of the Commercial Property is of normal commercial terms. The above (iii) and (iv) are part of the conditions precedent of the Settlement Agreement. Because of the saving on stamp duties, the Paying Parties agreed with the Company to use a discount to the market value of the Commercial Property as a basis for the determination of the consideration of the Transfer.

In view of the above and that (i) the Company's intention to use the Commercial Property for the Group's operation for rental savings; (ii) satisfactory investment value of the Commercial Property; (iii) the consideration of the Transfer was determined by making reference to a discount to the average valuation of the Commercial Property, we consider that the Transfer as partial settlement of the Judgment Debts instead of by cash and the transfer the Full Bright Shares instead of a direct transfer of the Commercial Property are fair and reasonable and is in the interest of the Company and the Shareholders.

(iii) Assignment of the Full Bright Loan

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

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we concur with the Company that it will be in a better liquidation priority and that it is in the interests of the Group to have the Full Bright Loan assigned to the Company instead of a waiver of the Full Bright Loan.

(c) Repayment by installments

As revealed from the correspondences between the respective legal advisers to the Paying Parties and the Company, we noted that the Company required the Paying Parties' disclosure of their assets and payment of the Judgment Debts in lump sum. In view of the time to be required by the Paying Parties for the realization of their assets which mainly comprise non-cash assets i.e. properties and listed shares as detailed below, the Company agreed the 12-month installment payment schedule for the remaining balance of the Judgment Debts after Completion of the Transfer and completion of the Deed of Set Off. We consider that by agreeing with the Paying Parties' proposal, a definite repayment schedule can be reached. In view of this, we consider that the repayment schedule of the remaining balance by three installments will allow time for the Paying Parties to realize their assets and also the Company will receive progress payment in a fixed timeframe and is fair and reasonable.

(d) Other alternatives — Enforcement of the Judgment versus settlement of the Judgment Debts by way of mutual agreement

As discussed with the legal adviser to the Company, we understand that if legal proceedings are brought against the Paying Parties for enforcement of the Judgment, it is uncertain as to the chances of recovery of the full amount of the Judgment Debts and the timeframe for completing the enforcement proceedings. Given this and that additional time and legal cost will be incurred on additional court proceedings, the Board considered that the Settlement would be a better option than commencing enforcement proceedings.

Based on the information available to the legal adviser to the Company, the Paying Parties possess assets comprising cash, listed securities including 840 million Shares representing 22.72% of the issued share capital of the Company and properties including the Commercial Property. The Company has considered applying to the Court for enforcement of the Judgment and thereby charging on these assets. The Company's legal adviser advised that since the mentioned properties are not held by the Paying Parties but by companies owned by the Paying Parties, the charging orders will have to be made against the Paying Parties' interests in the shares of these companies and not directly on the properties held by these companies. The Company can only procure the sale of the shares of these companies by further orders to be granted by the Court and apply the proceeds of sale to set off against the outstanding Judgment Debts. Accordingly, additional time and legal cost will be incurred.

The above-mentioned property holding companies are being held as to approximately 50% each by Mr. Cheung and Ms. Yeung. On 7 June 2012, the Company has received a non-refundable sum of HK\$10.0 million in cash from the Paying Parties. This is intended for the full settlement of Yeung's Principal and

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partial settlement of Yeung's Judgment Interest. After such settlement, Yeung's Judgment Debt will be reduced to HK\$5,267,713 (being the remaining balance of Yeung's Judgment Interest) and Yeung's Further Judgment Interest. If this balance is fully settled by Ms. Yeung (her obligations under the Judgment will then be fully discharged) before the Company is in a position to dispose of Mr. Cheung's 50% interests in the above-mentioned properties through enforcement actions, the Company will in effect only be entitled to 50% of the realizable value of these properties which was estimated to be less than the consideration of the Transfer.

Based on the closing price as at the Latest Practicable Date, the Shares being held by Mr. Cheung has a market value of approximately HK\$87.4 million. Taking into consideration of the average daily trading volume of the Shares during the last three months from the Latest Practicable Date of approximately 4.6 million Shares (maximum and minimum daily trading volume of approximately 25.7 million and 0.13 million Shares respectively), the Directors are of the view that there is uncertainty as to whether they can dispose of these Shares in the market within a short period of time without exerting a significant downward pressure on the Share prices. We concur with the Directors' view that any downward fluctuation in the Share price as a result of the disposal of Mr. Cheung's Shares, either by himself or by the Company after its possession, to recover the Judgment Debts will affect the interest of the public Shareholders.

Given the above and the time to be required for enforcement of the Judgment, we concur with the Directors that the Settlement is more preferable than bringing legal proceedings to enforce the Judgment.

5. Possible financial effect of the Settlement and the Transfer

Earnings

As a result of the Judgment, the Group is entitled to the Judgment Debts as other income. For the year ended 31 March 2012, approximately HK\$86.0 million representing the aggregate amount of Yeung's Principal and Cheung's Principal was recognised as other income. According to the Company, the remaining balance of the Judgment Debts will be recognised in subsequent financial years.

According to the audited accounts, Full Bright had a loss before tax of approximately HK\$0.02 million for the period from 15 March 2011 (date of incorporation) to 31 May 2012 and Treasure Profit had a loss before tax of approximately HK\$0.76 million for the period from 7 April 2011 (date of incorporation) to 31 May 2012. Upon Completion of the Transfer, the Full Bright Group will become wholly owned subsidiaries of the Group. Accordingly, the results of the Full Bright Group will be consolidated into the consolidated income statements of the Group.

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Net asset value

As a result of the Judgment, the Judgement Debts would be recorded as receivables from the Paying Parties. As at 31 March 2012, approximately HK\$86.0 million representing the aggregate of amount of Yeung's Principal and Cheung's Principal was recorded as amounts due from former directors of the Company.

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

6. Our Opinion

We concur with the Directors that settlement by way of mutual agreement is more preferable as the Company will not incur additional time and legal cost on legal proceedings for enforcement of the Judgment. By the Settlement, the Judgment Debts will be paid off by the Paying Parties in an orderly manner with certainty on the payment schedule. We also noted the eagerness of the Paying Parties to fully settle the Judgment Debts as reflected by the payment of a non-refundable sum of HK\$10.0 million in cash on 7 June 2012, agreement to set off Mr. Cheung's Loan and full repayment of the bank loans on the Commercial Property as a preparation for the Transfer.

As discussed with the legal adviser to the Company, there are uncertainties as to the chances of recovery of the full amount of the Judgment Debts and the timeframe to be required for completion of enforcement proceedings and realization of the assets of the Paying Parties. Further, the Company may face uncertainties on the realization of certain assets of the Paying Parties in particular the Shares held by Mr. Cheung in view of the thin trading volume of the Shares as discussed above. Under the Settlement, the Company will receive upon Completion of the Transfer approximately HK\$102.6 million representing approximately 53.8% of the Order Sum. Accordingly, we concur with the Directors that the Settlement enables the Company receive a major portion of the Judgment Debts in a shorter time as compared to enforcement actions on the Judgment. The Settlement also provides a payment schedule with certainty on the timeframe.

As mentioned above, if the Judgment Interest and Further Judgment Interest are settled before the Principals, the Company would receive additional Further Judgment Interest of approximately HK\$5.6 million. Despite this and that the Judgment Debts will be partly settled by the Transfer instead of fully by cash, we have taken into consideration of the followings:

- (i) the additional Further Judgment Interest which might be received represents only approximately 2.9% of the Order Sum;

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- (ii) the discount of HK\$2.0 million to the average valuation of the Commercial Property used as a basis of the determination of the consideration of the Transfer will partially offset the additional Further Judgment Interest which might be received;
- (iii) the Commercial Property is located at prime location with satisfactory investment value; and
- (iv) a shorter and certain timeframe for recovery of the Judgment Debts.

IV. RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we are of the opinion that the terms of the Settlement Agreement and the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the Settlement and the Transfer 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 Settlement Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

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

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Prudential Surveyors (Hong Kong) Limited, an independent professional valuer, in connection with the valuation of the property which is to be held by the Company as at 20 June 2012.



測
建
行
(香港)有限公司
國際地產發展顧問集團

14 August 2012

Board of Directors
Styland Holdings Limited
28/F, Aitken Vanson Centre
61 Hoi Yuen Road
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

**Re: 23rd Floor (including lavatories), Far East Consortium Building,
No. 121 Des Voeux Road Central, Hong Kong (the “Property”)**

INSTRUCTION

In accordance with the instruction of **Styland Holdings Limited** (the “**Company**”) for us to value the Property which may be held by the Company and/or its subsidiary (hereinafter collectively referred to as the “**Group**”), we confirm that we have carried out inspection, 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 20 June 2012 (the “**Date of Valuation**”).

This letter, forming part of our valuation report, identifies the Property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the property interest in the Property is our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation 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.”

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 for 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.

Our valuation has been carried out in accordance with The Hong Kong Institute of Surveyors (“HKIS”) Valuation Standards on Properties (1st Edition 2005) issued by the HKIS and the generally accepted valuation procedures and practices of professional surveyors.

VALUATION METHODOLOGY

We have valued the Property by using the Direct Comparison Method by making reference to the comparable market transactions as available and where appropriate, on the basis of capitalization of the net income shown on the documents handed to us. We have allowed for outgoings and, in appropriate case, made provisions for reversionary income potential.

VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of government rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Property are to be sold in the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements that would serve to affect their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions, and outgoings of an onerous nature that could adversely affect their value.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interests and, we have caused searches at the Land Registry. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments. All documents and leases have been used for reference only.

Moreover, we have not been provided with any legal opinion regarding to the titles to the property interests.

LIMITING CONDITIONS

We have inspected the exterior of the Property on 20 June 2012, being our last inspection to the Property. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Property. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents available to us and are therefore approximations only.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of buildings, particulars of occupancy, site and floor plans, site and floor areas and other relevant matters in the identification of the Property in which the Company has valid interest. We have not seen original planning consents and have assumed that the Property has been erected and are being occupied and used in accordance with such consents.

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

Yours faithfully,

For and on behalf of

PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Albert C H Pang

BSc (Hons) MRICS MHKIS RPS (GP)

Assistant General Manager

Mr. Albert C. H. Pang is a Registered Professional Surveyor (GP) with 15 years' experience in valuation of properties in HKSAR, Macau SAR, Mainland China and the Asia Pacific Region. Mr. Pang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE OF PROPERTY STYLAND HOLDINGS LIMITED

Property	Description	Particular of Occupancy	Market Value in existing state as at 20 June 2012
23rd Floor (including lavatories), Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong.	The Property is one of the whole floor of a 25-storey commercial building erected over basement, planned to have shops on ground floor and basement, commercial users on 1st to 4th floors and office units above (13th floor omitted), with main lift hall on upper part of ground floor via a flight of steps entering from Des Voeux Road Central completed in 1976.	The Property is currently leased to various tenants and the tenancies are shown as follows:	HK\$86,000,000.00
A total of 24/736 equal and undivided shares in Inland Lot No. 2198; Section A and the Remaining Portion of Inland Lot No. 2199; Inland Lot No. 2200; Inland Lot No. 2201 and Sections A, B and C of Marine Lot No. 299; held under 5 Government Leases.	The Property has been repartitioned into 5 Units (namely Units 2301 to 2305), as per our external inspection.		
	The saleable area of the Property is 5,156 s.f. or thereabouts, excluding the common parts thereof, as measured from registered floor plan.		
	The Property is held under Inland Lot No. 2198 for a term of 999 years commencing from 20 November 1903 with a government rent of HK\$22 per annum; Section A and The Remaining Portion of Inland Lot No. 2199, Inland Lot No. 2200 and Inland Lot No. 2201 for a common term of 999 years commencing from 18 November 1903 with government rents of HK\$21.63, nil, HK\$22 and HK\$22 per annum respectively; and Sections A, B and C of Marine Lot No. 299 for a term of 999 years commencing from 24 July 1903 with government rents of \$22, \$22 and nil per annum respectively.		
		Units	
		Monthly Rental ⁽¹⁾ (HK\$)	Lease Term
		2301,	From
		2302,	20-7-2010
		2305 and	to 19-7-2013.
		2306	(with a right to lease a further term of 36 months from 20 July 2013 to 19 July 2016 at the then market rent)
		2303	Vacant
		2304	From 22-2-2012 to 21-2-2013.
		Total:	<u><u>131,145.00</u></u>

Notes:

1. The registered owner of the Property is Treasure Profit Limited via Memorial No. 11102502000120 and the Property is held for investment.
2. Monthly rentals given are exclusive of air conditioning charges and management fee, as depicted in tenancy agreements provided by instructing party.
3. With 3 years lease renewal option' at the prevailing open market rental.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property which is to be held by the Company as at 19 June 2012.

Vigers Appraisal and Consulting Limited

International Property Consultants

10/F, The Grande Building,

398 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: gp@vigers.com

www.Vigers.com



14 August 2012

The Board of Directors

Styland Holdings Limited

28th Floor, Aitken Vanson Centre,

61 Hoi Yuen Road,

Kwun Tong,

Kowloon,

Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the property (“23rd Floor (Including Lavatories), Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong”) to be held by “Styland Holdings Limited” (referred to as “the Company”), we confirm that we have inspected part of the property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 19 June 2012 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation is our opinion of market value of the property which is defined as intended to mean “*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller on an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*”. Our valuation has been prepared in accordance with “The HKIS Valuation Standards on Property (First Edition 2005)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHOD

In our valuation, we have valued the tenanted portions of the property on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the property and made reference to comparable market transactions. In valuing the portions of the property which are vacant, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable properties with similar character, facing aspect, size, view, floor level, location, building facilities and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

TITLE INVESTIGATION

We have conducted land search at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state without the effect of any deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which may serve to affect the value of the property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the property.

In our valuation, we have assumed that the owner of the property has free and uninterrupted rights to use and assign the property during the whole of the unexpired lease terms granted subject to the payment of usual Government Rents.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the property.

VALUATION CONSIDERATION

We have inspected the property included in the attached valuation certificate. During the course of our inspection, we did not note any serious defect. However, no structural survey nor test on any services has been made and we are therefore unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Company, particularly in respect of planning approvals or statutory notices, easements, tenure, floor areas, occupancy status and in the identification of the property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the Company and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Company that no material facts have been omitted from the information so given.

REMARKS

We declare hereby that we are independent to the Company and we are not interested directly or indirectly in any share in any member of the Company. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share in any member of the Company.

We enclose herewith our Valuation Certificate.

Yours faithfully,
For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. Cheung

MRICS MHKIS RPS(GP) CREA

Executive Director

Franky C. H. Wong

MSc(RealEst) MCIM MRICS MHKIS RPS(GP)

Assistant Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 29 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has 6-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Franky C. H. Wong is a Registered Professional Surveyor in General Practice Division with over 11 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan and the United States of America. Mr. Wong has 6-year of experience with Vigers Appraisal and Consulting Limited.

VALUATION CERTIFICATE

Property to be held by the Group for self-use purpose

Property	General Description	Occupancy Status	Market Value as at the Valuation Date
23rd Floor (Including Lavatories), Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong	The property comprises whole of the office floor on 23rd floor including the lavatories of Far East Consortium Building completed in 1976.	Office Nos. 2301, 2302, 2305 and 2306 of the property is leased out for a term of three years commencing on 20 July 2010 and expiring on 19 July 2013 at a monthly rent of HK\$98,895 exclusive of air conditioning charges and management fee with a right to lease a further term of 36 months from 20 July 2013 to 19 July 2016 at the then market rent; Office No. 4 of the property is leased out for a term commencing on 22 February 2012 and expiring on 21 February 2013 at a monthly rent of HK\$32,250; whilst the remainder is vacant.	HK\$84,000,000
All those 24/736th parts or pieces of ground known and registered at the Land Registry as Inland Lot No. 2198, Section A of Inland Lot No. 2199, The Remaining Portion of Inland Lot No. 2199, Inland Lot No. 2200, Inland Lot No. 2201, Section A of Marine Lot No. 299, Section C of Marine Lot No. 299 and Section B on Marine Lot No. 299	As measured from the approved General Building Plan, the property has a saleable area of approximately 5,156 square feet (479.01 square metres). Inland Lot No. 2198, Inland Lot No. 2199, Inland Lot No. 2200, Inland Lot No. 2201 and Marine Lot No. 299 are held under various Government Leases for the terms of 999 years from 20 November 1903, 18 November 1903, 18 November 1903 and 24 July 1903 respectively. The Government Rents payable are HK\$22.00 per annum for Inland Lot No. 2198, HK\$21.63 per annum for Section A of Inland Lot No. 2199, nil for The Remaining Portion of Inland Lot No. 2199, HK\$22.00 per annum for Inland Lot No. 2200, HK\$22.00 per annum for Inland Lot No. 2201, HK\$22.00 per annum for Section A of Marine Lot No. 299, HK\$22.00 per annum for Section C of Marine Lot No. 299 and nil for Section B of Marine Lot No. 299.		

Note:

1. Pursuant to our land search record, the current registered owner of the property is TREASURE PROFIT LIMITED 域美有限公司 vide Memorial No. 11102502000120 dated 30 September 2011.
2. Pursuant to our land search record, the property is subject to the following salient encumbrances:
 - (i) Letter Relating to Prohibition of Domestic Use of Premises in Contravention of Approved Building Plans vide Memorial No. UB1318538 dated 27 October 1976;
 - (ii) Deed of Grant and Mutual Covenant in favour of Tak Keung Lee Investment Company Limited vide Memorial No. UB1373737 dated 25 February 1977;
 - (iii) Mortgage for All Monies in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 11102502000138 dated 30 September 2011; and

- (iv) Rental Assignment in favour of Industrial and Commercial Bank of China (Asia) Limited vide Memorial No. 1112502000146 dated 30 September 2011.
3. Inspection to the property, including the exterior and portion of the interior thereof, was carried out by Mr. Eric W.L. Tang *BSc Estate Management MRICS* on 14 June 2012. During the course of our inspection, no serious defect was noted; and the condition of the property is considered to be reasonable. Building services such as water supply, electricity and air-conditioning system were available in the property. Neither structural survey nor test on any services was made; and hence we are unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.
 4. The property lies in an area zoned “Commercial” in Sai Ying Pun & Sheung Wan Outline Zoning Plan (Plan No. S/H3/27).
 5. Far East Consortium Building is located near the junction between Des Voeux Road Central and Jubilee Street in Central District, where is the core business district of Hong Kong. The occupancy rate of office premises is high in the locality. The sales prices and rental rates of similar commercial premises are approximately HK\$16,000 per sq.ft. and HK\$40 per sq.ft. on saleable area basis as at the time of our valuation respectively. The annual rental return of Grade B office premises ranges from 3.2% to 3.3% as at the Valuation Date.
 6. As informed by the Company, the use of the property does not constitute any breach of environmental regulations.
 7. As informed by the Company, its lawyers are performing relevant due diligence review regarding pending litigation, breaches of law or title defects against the property; and is expected that such work will be completed by 31 August 2012.
 8. As informed by the Company, there is no plan for construction, renovation, improvement or development of the property.
 9. As informed by the Company, there is no plan for dispose of or change in use of the property.

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 Group. 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 in the 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 Divisions 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.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders and other person

As at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, the following persons (not being a Director or the chief executive of the Company) had interests or short positions, if any, in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of person/entity	No. of Shares held/interested			Total	Approximate % of issued share capital as at the Latest Practicable Date
	Family interest	Beneficial owner/ personal interest	Interest in controlled corporation		
Mr. Cheung (<i>Note 1</i>)	105,325,167	626,322,263	111,143,342	842,790,772	22.72%
Ms. Yeung (<i>Note 2</i>)	737,465,605	105,325,167	—	842,790,772	22.72%
Gloryrise Group Limited (<i>Note 3</i>)	—	370,000,000	—	370,000,000	9.97%
Mr. Tai Kwok Leung Alexander (<i>Note 3</i>)	—	—	370,000,000	370,000,000	9.97%

Notes:

- Mr. Cheung personally held 626,322,263 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 and Mr. Cheung was further deemed to be interested in 15,877,615 Shares held by K.C. (Investment) Limited, a wholly owned subsidiary of K.Y. 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 737,465,605 Shares beneficially interested by Mr. Cheung.
- Mr. Tai Kwok Leung, Alexander beneficially owns the entire issued share capital of Gloryrise Group Limited, and is therefore deemed to be interested in the 370,000,000 Shares beneficially interested by Gloryrise Group Limited.
- On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held 165,050,000 and 150,800,000 shares of the Company. To ensure the accuracy of its register of members, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire into their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lin Wen’s (林文先生) interests available from the website of the Stock Exchange and the Company. The Company could not reach Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生), though it had repeatedly tried to seek valid notification under the SFO from them. Up to the date of this report, the Company has not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生).

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and was 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 2012, being the date to which the latest published audited accounts of the Group were made up.

4. DIRECTORS' INTERESTS IN COMPLETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any business or interest in a business which competes or is likely to complete, 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 were 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 contained in this circular:

Name	Qualification
Prudential Surveyors (Hong Kong) Limited	Independent Qualified Valuer
Vigers Appraisal and Consulting Limited	Independent Qualified Valuer
Shenyin Wanguo Capital (H.K.) Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

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 2012, the date of which the latest published audited consolidated financial statements of the Group were made up.

Each of the expert 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, HKICPA, 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 2012, the date to which the latest published audited 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 and the Sale and Purchase Agreement;
- (b) the memorandum of association and the bye-laws of the Company;

- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 25 to 26 of this circular;
- (d) 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 page 27 to 44 of this circular;
- (e) the valuation report from Prudential Surveyors (Hong Kong) Limited, the text of which is set out on pages 45 to 48 of this circular;
- (f) the valuation report from Vigers Appraisal and Consulting Limited, the text of which is set out on pages 49 to 53 of this circular;
- (g) the written consent referred to in the section headed “Experts and Consents” in this Appendix; and
- (h) this circular.

NOTICE OF SGM



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

NOTICE IS HEREBY GIVEN that a special general meeting 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 30 August 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the conditional settlement agreement dated 26 June 2012 (the “**Settlement Agreement**”) entered into among Styland Holdings Limited (“**the Company**”) and Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne (“**Mr. Cheung**” and “**Ms. Yeung**” respectively), pursuant to which, among others, Mr. Cheung and Ms. Yeung would settle the Judgment Debts (as defined in the Circular) and the details of which are contained in a circular of the Company dated 14 August 2012 (the “**Circular**”), a copy of the Settlement Agreement 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 26 June 2012 (the “**Sale and Purchase Agreement**”) entered into among the Company as transferee, K.C. (Asset) Limited as transferor (the “**Transferor**”) and Mr. Cheung and Ms. Yeung as guarantors in relation to, among others, the acquisition of the entire issued share capital of Full Bright Global Limited (“**Full Bright**”) and the shareholders’ loan owed by Full Bright to the Transferor and its associates by the Company, a copy of the 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/them to be incidental to, ancillary to or in connection with the matters contemplated in the Settlement Agreement and the Sale and Purchase Agreement as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Settlement Agreement and/or the Sale and Purchase Agreement

NOTICE OF SGM

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.”

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

Hong Kong, 14 August 2012

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.
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 branch share registrar in Hong Kong, 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 or any adjournment thereof.
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 adjournment 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.