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STYLAND HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Connected Transaction and Further Delay in Despatch of Circular

Connected Transaction

The Directors announce that a commission of HK\$3 million was paid by Iwana, a subsidiary of the Company, to Mr. Cheung, a substantial shareholder of the Company, in connection with disposal of 15 shares (approximately 7.6 per cent. interest) in Gold Cloud.

The connected transaction is subject to the disclosure requirements under Rule 14.25(1) of the Listing Rules but it was overlooked by the Company. The Company admits that this constitutes a breach of the Listing Rules. The Stock Exchange has indicated that it would reserve its right to take appropriate action against the Company and Directors in respect of the aforesaid breach.

Further Delay in Despatch of Circular

The despatch of the circular containing details of the discloseable transaction and the six connected transactions (that are subject to Rule 14.26 of the Listing Rules) announced by the Company on 3rd June, 2003 will be further delayed to not later than 10th September, 2003.

Terms used herein shall have the same meanings as defined in the Announcements unless the context otherwise requires.

CONNECTED TRANSACTION

a. *Date of agreement*

30th October, 2000

b. *Parties*

Vendor : Iwana

Purchaser : Companion Marble

c. *Transaction*

As stated in 2003 Annual Report despatched on 8th August, 2003, on 30th October, 2000, Iwana agreed to dispose of 15 shares (approximately 7.6 per cent. interest) in Gold Cloud (representing the Group's entire interest in Gold Cloud) to Companion Marble and realized HK\$38 million in cash on 3rd November, 2000. The disposal of 15 shares in Gold

Cloud constituted a connected transaction under Rules 14.26 of the Listing Rules of which the details were published in a press announcement dated 3rd June, 2003. The Directors were of the view that the consideration was fair and reasonable and this represented a good opportunity for the Company to realize the investment. The Group acquired the investment in Gold Cloud on 4th October, 1999 with a consideration of HK\$8.17 million and the Group reported a gain of HK\$29.83 million on disposal of investment in Gold Cloud. The proceeds from the disposal were used as general working capital of the Group.

The principal activities of the Group consisted of investment holding, securities dealing and broking, financing, general import and export trading and property development and investment. The principal activity of Gold Cloud was investment holding and the principal asset of Gold Cloud was an effective holding of approximately 10.12 per cent. interest in hkcyber.com. The principal activities of hkcyber.com were the provision of comprehensive local and international content through the hkcyber.com website and the operation of an e-mail and an interactive marketing platform for goods and services.

For the period from 2nd February, 1999 to 31st March, 2000, the audited combined loss before and after tax of hkcyber.com were approximately HK\$19.9 million. As at 31st March, 2000, the audited combined net assets of hkcyber.com was approximately HK\$33.1 million. Based on the closing market price of hkcyber.com of HK\$0.5 per share as at the date of the agreement, the Group's effective interest in hkcyber.com and so the Group's effective interest in Gold Cloud, was valued at approximately HK\$4.8 million. The consideration was determined on an arm's length basis with reference to the Group's share of the market value of the underlying assets of Gold Cloud, given the optimistic prospect of the information technology industry at that time.

An amount of HK\$3 million (representing approximately 10 per cent. of the gain reported by the Group) was paid by Iwana to Mr. Cheung as a reward for his introduction of the purchaser and assistance in the negotiation of the consideration. There was no agreement between Iwana and Mr. Cheung on the arrangement. Save for the relationship between the Company and the purchaser, there was no relationship between Mr. Cheung and the purchaser. Due to an inadvertent omission, the commission to Mr. Cheung, which was in the form of cash payment, was not paid until 22nd August, 2002. The Directors discovered such payment during the annual review of the financial statements. Mr. Cheung did not take any recovery actions to recover the outstanding amount as he had a good relationship with the Company.

d. *Connected transaction*

At the date of receiving the commission, Mr. Cheung was a substantial shareholder of the Company who owned 17 per cent. interest in the Company, and Mr. Cheung was a connected person of the Company as defined under the Listing Rules. Therefore, the payment of award by Iwana to Mr. Cheung constituted a connected transaction as the amount of commission exceeded the threshold set out in Rule 14.24(5) but fell below the threshold set out in Rule 14.25(1) of the Listing Rules. The transaction is subject to disclosure requirements pursuant to Rule 14.25(1) of the Listing Rules. The disclosure requirement was overlooked by the Directors. The breach was detected upon the discovery of omission in reviewing the payment of the commission to Mr. Cheung.

e. *Disclosure requirements under Rule 14.25(1) of the Listing Rules*

Pursuant to the Rule 14.25(1) of Listing Rules, the Company should release a press announcement containing brief details of the transaction as soon as possible, and ensure inclusion of certain details of the transaction in its next published annual report. Regrettably the Company overlooked this matter in this regard and omitted to make an announcement. The breach was later discovered by the directors in their annual review of financial statements of the Group. In order to avoid any future breach of disclosure obligation, the Company has formulated a procedure to strengthen the internal control to ensure strict compliance with the Listing Rules. The Company admits that this constitutes a breach of the Listing Rules. The Stock Exchange has indicated that it would reserve its right to take appropriate action against the Company and Directors in respect of the aforesaid breach.

FURTHER DELAY IN DESPATCH OF CIRCULAR

Reference is made to the Announcements.

Pursuant to Rule 14.13(2) and Rule 14.29(2) of the Listing Rules, the Company is required to despatch a circular containing details of the discloseable transaction and the six connected transactions (that are subject to Rule 14.26 of the Listing Rules) disclosed in the announcement of the Company dated 3rd June, 2003 to the Shareholders on or before 26th June, 2003. As disclosed in the announcement of the Company dated 30th July, 2003, an application has been made by the Company to the Stock Exchange for the delay in the despatch of the circular to on or before 21st August, 2003 and at the request of the independent non-executive directors of the Company, the Company has appointed an independent valuer to value the equity interest of Inworld Holdings.

Since the independent financial adviser needs more time to assess the basis and assumptions of the valuation report, an application has been made by the Company to the Stock Exchange for the further delay in the despatch of the circular to not later than 10th September, 2003.

DEFINITIONS

“2003 Annual Report”	annual report of the Company for the year ended 31st March, 2003
“Announcements”	announcements of the Company dated 3rd June, 2003, 26th June, 2003, 10th July, 2003 and 30th July, 2003
“Companion Marble”	Companion Marble (BVI) Limited, a wholly-owned subsidiary of Skynet which in turn was an associate of Companion. Companion was the ultimate holding company of Companion Marble. By virtue of Companion being a substantial shareholder holding 20 per cent. interest in Kippton, Companion Marble was a connected person of the Company as defined under the Listing Rules
“Directors”	the directors of the Company, including independent non-executive directors

- “Gold Cloud” Gold Cloud Agents Limited
- “hkcyber.com” hkcyber.com (Holding) Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Exchange
- “Kippton” Kippton Limited, a subsidiary of the Company, in which the Company had an effective interest of 80 per cent.
- “Mr. Cheung” Mr. Kenneth Chi Shing Cheung, the founder of the Group, being a director and Chairman of the Group until his resignation on 18th June, 2002, and a substantial shareholder who owned 17 per cent. interest in the Company

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

Hong Kong, 20th August, 2003

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