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STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the “Company”)

Announcement

Reference is made to the announcement of the Company dated 25th September, 2003.

Item 3 of the notice of the AGM was not considered at the AGM held on 26th September, 2003. The said item will be dealt with at the adjourned AGM.

The 1st SGM was also adjourned.

The Plaintiffs sued the Defendants (comprising the Company and its existing directors and ex-directors) for breach of various duties owed to the Company and claimed against the Defendants for:-

- (1) damages to be assessed;
- (2) an account of profits made by the Defendants and that all sums found due upon such an account be paid by them to the Company;
- (3) the existing directors of the Company be removed from the board of directors of the Company;
- (4) an order that a receiver and manager be appointed to preserve and safeguard the assets and undertaking of the Company and to manage its affairs until the members of the Company have voted at a special general meeting on resolutions to constitute a board of directors independent of the Defendants;
- (5) interest;
- (6) further and/or other relief; and
- (7) costs.

The Plaintiffs have made an application to the Court for an order, inter alia, to appoint joint and several receivers to collect, get in and receive the assets of the Company in Hong Kong and elsewhere. The relevant hearing was scheduled on 3rd October, 2003. Further announcement will be made on the result of the said hearing.

Further, Mr Chi Shing Cheung, a substantial shareholder, the Company and its existing directors have undertaken to High Court of Hong Kong to use their respective best endeavours to adjourn the 2nd SGM to be held on 29th September, 2003 for 21 days.

The directors of the Company will propose an adjournment of meeting at the 2nd SGM.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 10:50 a.m. on 25th September, 2003. Trading of the shares of the Company on the Stock Exchange remains suspended until further notice.

Investors are advised to exercise caution in dealing in the shares of the Company.

Reference is made to the announcement of the Company dated 25th September, 2003.

Annual general meeting (“AGM”) and special general meeting (“1st SGM”) held on 26th September, 2003

The AGM was held with resolutions passed to (1) receive and consider the audited financial statements, reports of directors and auditors for the year ended 31st March, 2003; (2) to appoint Messrs Li, Lai & Cheung, Certified Public Accountants, as the new auditors for the Company; and (3) to adjourn the AGM until further notice with the issue set out in item 3 of the notice of AGM dated 1st September, 2003 left to be considered at the adjourned AGM.

The 1st SGM was adjourned until further notice.

Change of auditors

On 26th September, 2003, Ernst & Young ceased to be the auditors of the Company and the Company appointed Messrs Li, Lai & Cheung, Certified Public Accountants, as the Company’s new auditors.

As at the date of this announcement, the Company has not received the clearance letter from Ernst & Young in relation to its cessation as auditors of the Company. Further announcement in relation to the said letter will be made when appropriate.

Legal proceedings

The Company has been served with a writ of summons issued by Mr Jinlin Sun (“Mr Sun”) and Mr Wen Lin (“Mr Lin”), purportedly on behalf of the Company and its shareholders other than the defendants comprising the Company, its existing directors and ex-directors (the “Defendants”). Mr Sun and Mr Lin (the “Plaintiffs”) alleged in the relevant statement of claims that the Defendants had committed breaches of various duties owed to the Company and claimed against the Defendants for:-

- (1) damages to be assessed;
- (2) an account of profits made by the Defendants and that all sums found due upon such an account be paid by them to the Company;
- (3) the existing directors of the Company be removed from the board of directors of the Company;

- (4) an order that a receiver and manager be appointed to preserve and safeguard the assets and undertaking of the Company and to manage its affairs until the members of the Company have voted at a special general meeting on resolutions to constitute a board of directors independent of the Defendants;
- (5) interest;
- (6) further and/or other relief; and
- (7) costs.

The Plaintiffs have made an application to the Court for an order for, inter alia, the appointment of joint and several receivers to collect, get in and receive the assets of the Company in Hong Kong and elsewhere. The relevant hearing was scheduled on 3rd October, 2003. Further announcement will be made on the result of the said hearing.

Further, Mr Chi Shing Cheung, a substantial shareholder, the Company and its existing directors have undertaken to High Court of Hong Kong to use their respective best endeavours to adjourn the special general meeting of the Company (the “2nd SGM”) to be held on 29th September, 2003 (for the purpose of ratification of certain transactions entered into by the Company and its subsidiaries (the “Group”) and the declaration of a special dividend for the year ending 31st March, 2004) for 21 days.

The directors of the Company will propose an adjournment of meeting at the 2nd SGM.

The Company intends to contest the legal proceedings against it. The management of the Company does not consider the legal proceedings taken against the Company to have material effect on the operation and financial position of the Group at this stage.

Further announcement on the progress of the legal proceedings against the Company will be made when appropriate.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 10:50 a.m. on 25th September, 2003. Trading of the shares of the Company on the Stock Exchange remains suspended until further notice.

Investors are advised to exercise caution in dealing in the shares of the Company.

By Order of the Board
Miranda Chi Mei Chan
Director

Hong Kong, 26th September, 2003

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