



# STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## PROPOSED RIGHTS ISSUE OF NOT LESS THAN 997,571,580 RIGHTS SHARES AND NOT MORE THAN 1,158,919,042 RIGHTS SHARES OF HK\$0.01 EACH AT HK\$0.03 PER RIGHTS SHARE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD

Financial adviser to the Company



International Capital Network Limited

Co-Financial adviser to the Company



EVER-LONG SECURITIES CO., LTD.

Underwriters

Luen Fat Securities Company Limited  
International Capital Network Limited  
First Securities (HK) Limited  
New Universe Securities (HK) Limited  
OSK Asia Securities Limited

Ever-Long Securities Company Limited  
Golden Fountain Securities Limited  
Peace Town Securities Limited  
ASG Brokerage Limited  
K.Y. Limited

The Company proposes to raise a sum of approximately HK\$29.9 million before expenses by issuing 997,571,580 Rights Shares (but not more than 1,158,919,042 Rights Shares assuming full conversion of the existing outstanding Warrants and full exercise of the existing outstanding Options) at a price of HK\$0.03 per Rights Share.

The Company will provisionally allot two Rights Shares in nil-paid form for every one existing Share held by Qualifying Shareholders on the Record Date. The Rights Issue is not available to Overseas Shareholders.

The Rights Issue is subject to the conditions set out below under the section headed "Conditions of the Rights Issue". In particular, the Rights Issue is conditional, amongst other things, approval by the Shareholders at the SGM. If there are controlling shareholders (as defined in the Listing Rules), they shall abstain from voting in the SGM.

The Rights Issue is fully underwritten by the Underwriters other than the Rights Shares undertaken to be subscribed by the Principal Shareholders. The Principal Shareholders currently hold an aggregate of 94,323,389 Shares which represents approximately 18.91% of the existing issued share capital of the Company. Upon completion of the Rights Issue (after fulfillment of their undertaking to take up their entitlement to the Rights Shares in full and assuming that they have taken up 166,737,044 underwritten Rights Shares and there are no exercise/conversion of Warrants and Options), the Principal Shareholders will hold 448,907,211 Shares which represent approximately 30% of the enlarged issued share capital of the Company.

The estimated net proceeds from the Rights Issue is approximately HK\$27.9 million of which about HK\$10 million will be applied to reduce bank and other borrowings and the remaining HK\$17.9 million will be retained as general working capital of the Group.

### WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from 24th October, 2001. Rights Shares will be dealt with in their nil-paid form from 9th November, 2001 to 21st November, 2001 (both days inclusive). If the Underwriters terminate the Underwriting Agreement (see Termination of the Underwriting Agreement below) or any of the other conditions of the Rights Issue (see Conditions of the Rights Issue below) cannot be fulfilled, the Rights Issue will not proceed.

**Any dealing in Shares or Rights Shares in their nil-paid form between 9th November, 2001 to 21st November, 2001 is accordingly at the investors' own risk.**

If in any doubt, investors should consider obtaining professional advice on this.

To qualify for the Rights Issue, any transfer of Shares must be lodged for registration with the Company's branch share registrar in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, by 4:00 p.m. on 26th October, 2001. Dealing of Shares on an ex-rights basis expects to be commenced on 24th October, 2001. Holders of Warrants who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Warrants by lodging the duly completed subscription forms and warrant certificates with appropriate remittances by 4:00 p.m. on 26th October, 2001 with the Company's branch share registrar in Hong Kong at the above address. Similarly, holders of Options must exercise their subscription rights before 4:00 p.m. on 26th October, 2001.

A circular containing, among other things, further details of the Rights Issue, a notice of the SGM, the recommendation of the independent financial adviser on the Rights Issue and the letter of the independent board committee will be despatched to Shareholders as soon as practicable.

Trading in the Shares and Warrants have been suspended with effect from 10:00 a.m. on Friday, 5th October, 2001 at the request of the Company pending the release of this announcement. An application has been made for resumption of trading of the Shares and Warrants with effect from 10:00 a.m. on Monday, 8th October, 2001.

### RIGHTS ISSUE

#### Issue Statistics

Basis of the Rights Issue:	two Rights Shares for every one existing Share held on the Record Date
Number of existing Shares in issue:	498,785,790 Shares (as at the date hereof)
Number of Rights Shares:	not less than 997,571,580 Rights Shares and not more than 1,158,919,042 Rights Shares
Outstanding Warrants:	warrants entitling the holders thereof to subscribe up to 73,948,731 Shares in aggregate at a subscription price of HK\$0.29 per Share (subject to adjustment) on or before 31st December, 2001
Outstanding Options:	outstanding options granted under Company's employee share scheme entitling the holders thereof to subscribe for 6,725,000 Shares
Maximum number of Rights Shares:	assuming exercise/conversion in full of the Warrants and the outstanding Options on or before the Record Date, a total of 80,673,731 Shares and an additional 161,347,462 Rights Shares will be issued. The maximum number of Rights Shares to be issued will be 1,158,919,042, representing about 232.3% of the existing issued share capital of the Company and about 66.7% of the enlarged issued share capital of the Company after full conversion/exercise of the Warrants and the outstanding Options
Underwriting of Rights Shares:	809,724,802 Rights Shares (excluding 187,846,778 Rights Shares undertaken by the Principal Shareholders) are fully underwritten by the Underwriters. Additional 112,507,184 Rights Shares arising from full exercise/conversion of Warrants and Options (excluding additional 48,840,278 Rights Shares undertaken by the Principal Shareholders) are underwritten by Ever-Long Securities Company Limited

#### Qualifying Shareholders

The Company will send provisional allotment letters and excess application forms to Qualifying Shareholders only.

To qualify for the Rights Issues, the participant must:

1. be registered as a member of the Company on the Record Date; and
2. have an address in Hong Kong which appears on the register of members of the Company.

**In order to be registered as members on the Record Date, the transfers of Shares (together with the relevant share certificates) must be lodged with the Company's branch share registrar in Hong Kong by 4:00 p.m. on 26th October, 2001.**

**The branch share registrar of the Company in Hong Kong is Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Holders of Warrants who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Warrants by lodging the duly completed subscription forms and warrant certificates with appropriate remittances by 4:00 p.m. on 26th October, 2001 with the Company's branch share registrar in Hong Kong at the above address.**

The register of members of the Company will be closed from 29th October, 2001 to 5th November, 2001 (both days inclusive). No transfers of Shares will be registered during this period.

#### Subscription Price

HK\$0.03 per Rights Share, payable in full upon acceptance.

The Subscription Price represents:

1. a discount of about 87.1% to the closing price of HK\$0.233 per Share as quoted on the Stock Exchange on 4th October, 2001, being the last trading day before the date of this announcement; and
2. a discount of about 86.9% to the average closing price of about HK\$0.229 per Share for the past 10 trading days up to and including 4th October, 2001.

#### Basis of the provisional allotment

The Directors understand that the scale ("Scale") of the Rights Issue of allotting two Rights Shares in nil-paid form for every one existing Share held by Qualifying Shareholders will not create additional odd lots of Rights Shares (in their

nil-paid or fully-paid form) for the Shareholders. The Directors has carefully considered different scale of rights issue and considered that the Scale is the most appropriate ratio in avoiding fractional entitlement from the Rights Issue and fit into the Subscription Price and the proposed amount of proceeds from the Rights Issue.

#### Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank pari passu with the existing Shares in all respects. Holders of Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the Rights Issue completed.

#### Expected timetable

Despatch of circular with notice of SGM	Friday, 19th October
Last day of dealings in Shares on a cum-rights basis	Tuesday, 23rd October
Commencement of dealings in Shares on an ex-rights basis	Wednesday, 24th October
Latest time for lodging transfer of Shares or exercise of subscription rights attaching to the Warrants or Options in order to be entitled to the Rights Issue	4:00 p.m. Friday, 26th October
Register of members closes (both days inclusive)	Monday, 29th October to Monday, 5th November
Latest time for lodging proxy form for SGM	10:00 a.m. Saturday, 3rd November
Expected date of the SGM	10:00 a.m. Monday, 5th November
Record Date for the Rights Issue	Monday, 5th November
Register of members re-open	Tuesday, 6th November
Despatch of Rights Issue prospectus, provisional allotment letters and excess application forms	Wednesday, 7th November
First day of dealings in nil-paid Rights Shares	Friday, 9th November
Latest time for splitting nil-paid Rights Shares	Friday, 16th November
Last day of dealings in nil-paid Rights Shares	Wednesday, 21st November
Latest time for payment and acceptance of Rights Shares	Monday, 26th November
Latest time for the Rights Issue to become unconditional	Wednesday, 28th November
Announcement of result of acceptance	Thursday, 29th November
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications	Friday, 30th November
Despatch of certificates for Rights Shares	Friday, 30th November
Dealing in fully-paid Rights Share commences	Wednesday, 5th December

#### Share Certificates

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be despatched by ordinary post by 30th November, 2001 to those Shareholders who accepted and paid for the Rights Shares.

#### Rights of Overseas Shareholders

Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda. No provisional allotment of Rights Shares will be made to Overseas Shareholders. The Company will send a Rights Issue prospectus to Overseas Shareholders for their information only. The Company will not send provisional allotment letters or applications for excess Rights Shares to Overseas Shareholders.

If a premium (net of expenses) can be obtained, the Company will sell each Overseas Shareholder's provisional allotment of Rights Shares once dealings in the nil-paid Rights Shares commence. The proceeds of each sale, less expenses, which amount to HK\$100 or more will be paid to the relevant Overseas Shareholder in Hong Kong dollars as soon as practicable. The Company will retain individual amount of less than HK\$100 for its own benefit.

## Application for excess Rights Shares

Qualifying Shareholders may apply (using excess application form) for any unsold entitlement for the Overseas Shareholders and any Rights Shares provisionally allotted but not accepted. Application for excess Rights Shares may be made by completing the excess application form which will accompany the prospectus relating to the Rights Issue. The Directors will allocate excess Rights Shares at their sole discretion, on a fair and reasonable basis.

## Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares.

Dealing in the Rights Shares (in both nil-paid and fully-paid forms and in board lots of 500) will be subject to the payment of stamp duty in Hong Kong.

## UNDERWRITING ARRANGEMENT

Underwriting Agreement date: 4th October, 2001

Underwriters:	Luen Fat Securities Company Limited Ever-Long Securities Company Limited International Capital Network Limited Golden Fountain Securities Limited First Securities (HK) Limited Peace Town Securities Limited New Universe Securities (HK) Limited ASG Brokerage Limited OSK Asia Securities Limited K.Y. Limited
---------------	--

Ever-Long Securities Company Limited is a wholly-owned subsidiary of the Company. Ever-Long Securities Company Limited have sub-underwritten all Rights Shares to independent sub-underwriters. Save as disclosed, the Underwriters are independent third parties not connected with the Company, directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Number of Rights Shares underwritten:	Not less than 809,724,802 Rights Shares and not more than 922,231,986 Rights Shares (excluding those Rights Shares undertaken to be subscribed by the Principal Shareholders in portion to their entitlement under the Rights Issue)
---------------------------------------	--

Commission:	2.5% of the total issue price of the Rights Shares underwritten by the Underwriters.
-------------	--

The Underwriting Agreement constitutes a connected transaction for the Company, which is exempted from shareholders' approval pursuant to Rule 14.24 (6)(c) of the Listing Rules. In the event that none of the provisional allotment of the Rights Shares is accepted by those entitled thereto (other than the Principal Shareholders), the Underwriters will be called upon to subscribe for or procure the subscription for all of the Rights Shares, which will be not less than 809,724,802 and not more than 922,231,986 Rights Shares.

Except Ever-Long Securities Company Limited and Luen Fat Securities Company Limited, each Underwriters' proportion of underwriting in the Rights Issue, were less than 10% of the enlarged share capital of the Company as enlarged by the Rights Issue. Ever-Long Securities Company Limited and Luen Fat Securities Company Limited have underwritten approximately 18.55% and 12.83% of the enlarged issued share capital of the Company (assume full exercise of the Warrants and Options before Record Date).

As at the date hereof, the Company has not been notified by any Shareholder its shareholding in the Company was more than 10% of the issued share capital of the Company other than the Principal Shareholders. Ever-Long Securities Company Limited and Luen Fat Securities Company Limited have confirmed that in the event that the Rights Issue is under-subscribed, they will procure that no single person or company and their respective associates (as defined in the Listing Rules), who is procured by them to subscribe the Rights Shares shall be interested in more than 10% of the issued shares capital of the Company as enlarged by the Rights Issue as a result of such subscription. The Company will inform the Stock Exchange and the public if any Shareholder interests in more than 10% of the issued share capital of the Company.

## Undertaking from the Principal Shareholders

As at the date hereof, the Principal Shareholders are beneficially interested in 94,323,389 Shares, representing approximately 18.91% of the existing issued share capital of the Company. Included in these 94,323,389 Shares, 400,000 Shares are pledged to C.A. Pacific Finance Limited which was in liquidation. The Principal Shareholders cannot ascertain whether the Charged Shares are still registered in the name of the chargee and subject to their right of redemption. The Principal Shareholders have given an irrevocable undertaking in favour of the Company to accept and subscribe in full their entitlement (excluding the Charged Shares entitlement) to 187,846,778 Rights Shares, representing about 99.58% of the total Rights Shares which will be provisionally allotted to them pursuant to the Rights Issue.

As at the date hereof, the Principal Shareholders are also beneficially interested in 17,773,759 Warrants and 6,725,000 Options which shall be converted to 24,498,759 Shares upon conversion. Included in these 17,773,759 Warrants, 78,620 Warrants are pledged to C.A. Pacific Finance Limited which was in liquidation. The Principal Shareholders cannot ascertain whether the Charged Warrants are still registered in the name of the chargee and subject to their right of redemption. The Principal Shareholders have given an irrevocable undertaking in favour of the Company to accept and subscribe in full their entitlement (excluding the Charged Warrants entitlement) to a maximum of 48,840,278 Rights Shares if the Principal Shareholders exercised the Warrants and Options before the closure of the register of members of the Company.

K.Y. Limited, one of the Principal Shareholders, is also one of the Underwriters and it has agreed to underwrite 166,737,044 Rights Shares. Should K. Y. Limited be obliged under the terms of the Underwriting Agreement to take up the Rights Shares to the full extent of its underwriting obligation, the Principal Shareholders will hold an aggregate of 448,907,211 Shares which represent approximate 30% of the enlarged issued share capital of the Company (assuming that there are no exercise/conversion of the Warrants and the outstanding Options on or before the Record Date).

Shareholding structure (as at the date of announcement)	Number of Shares held	%
Principal Shareholders	94,323,389	18.91
Public Shareholders	404,462,401	81.09
	<u>498,785,790</u>	<u>100.00</u>

Shareholding structure (assuming that the Principal Shareholders have fully subscribed for its entitlement of Rights Shares and taken up in full all Rights Shares underwritten by them and that there are no exercise/conversion of Warrants and Options)	Number of Shares held	%
Principal Shareholders	448,907,211	30.00
Public Shareholders	1,047,450,159	70.00
	<u>1,496,357,370</u>	<u>100.00</u>

Shareholding structure (assuming that the Principal Shareholders have fully subscribed for its entitlement of Rights Shares and taken up in full all Rights Shares underwritten by them and that the Warrants and Options have been exercised/converted in full by its holders)	Number of Shares held	%
Principal Shareholders	522,246,248	30.04
Public Shareholders	1,216,132,315	69.96
	<u>1,738,378,563</u>	<u>100.00</u>

Shareholding structure (assuming that the Principal Shareholders have fully subscribed for its entitlement of Rights Shares and taken up in full all Rights Shares underwritten by them and that the Warrants and Options have been exercised/converted in full by its holders)	Number of Shares held	%
Principal Shareholders	522,246,248	30.04
Public Shareholders	1,216,132,315	69.96
	<u>1,738,378,563</u>	<u>100.00</u>

## Shareholding structure

(assuming that the Principal Shareholders have fully subscribed for its entitlement of Rights Shares and taken up in full all Rights Shares underwritten by them and that the Warrants and Options have been exercised/converted in full by its holders)

## Termination of the Underwriting Agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement which right is exercisable by Ever-Long Securities Company Limited and International Capital Network Limited (on behalf of the Underwriters) by giving a notice in writing to the Company at any time prior to 4:00 p.m. on the second Business Day following the last day for acceptance of the Rights Issue if:

- the occurrence of the following events would, in the opinion of Ever-Long Securities Company Limited and International Capital Network Limited (on behalf of the Underwriters) materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriters to proceed with the Rights Issue:
  - the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
  - the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America) or other nature; or
  - the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities and

volatility in market conditions in Hong Kong or elsewhere on or before or after the date of the Underwriting Agreement shall be a factor in determining whether there has been or there is likely to be an occurrence or change in market conditions);

- any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects of the Group as a whole;
- the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- Ever-Long Securities Company Limited and International Capital Network Limited (on behalf of the Underwriters) shall receive notification of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given or at the relevant times, untrue or inaccurate and Ever-Long Securities Company Limited and International Capital Network Limited (on behalf of the Underwriters) shall determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have an adverse effect on the Rights Issue; or
- the Company shall fail promptly to send out any announcement or circular (after the despatch of the Rights Issue Documents), in such manner (and as appropriate with such contents) as Ever-Long Securities Company Limited and International Capital Network Limited (on behalf of the Underwriters) may request for the purpose of preventing the creation of a false market in the securities of the Company.

If Ever-Long Securities Company Limited and International Capital Network Limited terminate the Underwriting Agreement, then the Rights Issue will not proceed.

## CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, amongst other things, the following conditions being fulfilled on or before the second business day immediately after the last day for acceptance of the Rights Issue:

- the approval of the Rights Issue by the Shareholders by show of hands at the SGM;
- the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms; and
- the obtaining of the necessary permission of the Bermuda Monetary Authority for the issue of the Rights Shares, if required.

## REASONS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The estimated net proceeds from the Rights Issue is approximately HK\$27.9 million of which about HK\$10 million will be applied to reduce bank and other borrowings and the remaining HK\$17.9 million will be retained as general working capital of the Group.

The Directors believe that it is in the best interests of the Company and its Shareholders to enlarge the capital base of the Company through the Rights Issue, as the enlarged capital base will support the continuing development of the Company's existing business activities and the Group's diversification into high technology industry so as to enhance the Group's income stream and earning base. The Rights Issue will allow all Qualifying Shareholders to participate in the growth of the Company.

## ADJUSTMENT TO THE SUBSCRIPTION PRICE OF THE WARRANTS

Subject to the Rights Issue become unconditional and on the basis of the adjustment formula in the warrant instrument constituting the Warrants, the subscription price payable upon exercise of the subscription rights attaching to the Warrants will be adjusted by auditors on a fair basis without prejudice to the rights of the holders of the Warrants. The Company will instruct its auditors to review and certify the basis of adjustment as soon as possible, in accordance with the instrument. Further announcement regarding the details of the adjustment will be made when appropriate.

## WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from 24th October, 2001. Rights Shares will be dealt with in their nil-paid form from 9th November, 2001 to 21st November, 2001 (both days inclusive). If the Underwriters terminate the Underwriting Agreement (see Termination of the Underwriting Agreement above) or any of the other conditions of the Rights Issue (see Conditions of the Rights Issue above) cannot be fulfilled, the Rights Issue will not proceed.

**Any dealing in Shares or Rights Shares in their nil-paid form between 9th November, 2001 to 21st November, 2001 is accordingly at the investors' own risk.**

If in any doubt, investors should consider obtaining professional advice on this.

## GENERAL

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holding, securities dealing and broking, financing business, general import and export trading and property development and investment.

An independent board committee will be formed to advise the Independent Shareholders in relation to the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee as to whether the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned. If there are controlling shareholders (as defined in the Listing Rules), they shall abstain from voting in the SGM.

A circular containing, among other things, further details of the Rights Issue, a notice of the SGM, the recommendation of the independent financial adviser on the Rights Issue and the letter of the independent board committee will be despatched to Shareholders as soon as practicable.

Trading in the Shares and Warrants have been suspended with effect from 10:00 a.m. on Friday, 5th October, 2001 at the request of the Company pending the release of this announcement. An application has been made for resumption of trading of the Shares and Warrants with effect from 10:00 a.m. on Monday, 8th October, 2001.

## DEFINITIONS

“Charged Shares”	400,000 Shares pledged by the Principal Shareholders to C.A. Pacific Finance Limited
“Charged Warrants”	78,620 Warrants pledged by the Principal Shareholders to C.A. Pacific Finance Limited
“Company”	Styland Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Independent Shareholders”	Shareholders other than the Principal Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities in the Stock Exchange
“Mr. Cheung”	Mr. Kenneth Cheung Chi-Shing, chairman and substantial shareholder of the Company
“Options”	options to subscribe for Shares granted on 21st April, 1999 under a share option scheme adopted by the Company on 13th November, 1991
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such registers are outside Hong Kong
“Principal Shareholders”	Mr. Cheung and his associates, K.Y. Limited, K.C. (Investment) Limited and Ms. Yvonne Han-Yi Yeung who together beneficially owns 94,323,389 Shares, representing approximately 18.91% of the existing issued share capital of the Company
“Qualifying Shareholders”	Shareholders other than the Overseas Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	5th November, 2001, the record date by reference which entitlements when the Rights Issue will be determined
“Rights Issue”	the proposed issue of Rights Shares of not less than 997,571,580 Rights Shares and not more than 1,158,919,042 Rights Shares at a price of HK\$0.03 per Rights Share
“Rights Issue Document”	the prospectus, the provisional allotment letter, the form of application for excess Rights Shares to be issued by the Company in connection to the Rights Issue
“Rights Shares”	new Shares to be issued in respect of the Rights Issue
“SGM”	the special general meeting of the Company to be held on 5th November, 2001
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option(s)”	option(s) to subscribe for Shares granted under a share option scheme adopted by the Company on 13th November, 1991
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.03 per Rights Share
“Underwriters”	Luen Fat Securities Company Limited, Ever-Long Securities Company Limited, International Capital Network Limited, Golden Fountain Securities Limited, First Securities (HK) Limited, Peace Town Securities Limited, New Universe Securities (HK) Limited, ASG Brokerage Limited, OSK Asia Securities Limited and K. Y. Limited

“Underwriting Agreement” the underwriting agreement dated 4th October, 2001

“Warrant(s)” warrant(s) in multiples of HK\$0.38 entitling holders to subscribe in cash for new Shares at any time on or before 31st December, 2001 (or such earlier date as prescribed by the instrument constituting such warrants) at the subscription price of HK\$0.29 per Share, subject to adjustment

By Order of the Board  
Styland Holdings Limited  
Steven Wang Tai Li  
Director

Hong Kong, 5th October, 2001