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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

TERMINATION OF RIGHTS ISSUE AND PLACEMENT

The Directors announce that the Company has mutually agreed with the Underwriters and the Principal Shareholders to terminate the Underwriting Agreement and the supplemental agreement relating to the Underwriting Agreement with effect from 1st August, 2002. As a result, the Company has decided not to proceed with the SGM that was scheduled to be held but was subsequently adjourned on 30th July, 2002 and the proposals for the Capital Reorganisation, amendment to Bye-Laws, Rights Issue with Bonus Warrants and Bonus Shares and General Mandates will not proceed.

The Directors also announce that the Company has agreed with the Placing Agents to terminate the Placement.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. 29th July, 2002. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7th August, 2002.

TERMINATION OF THE RIGHTS ISSUE

Further to the announcements of the Company dated 17th June, 2002, 25th July, 2002 and 30th July, 2002 (the "Announcements") in relation to the Rights Issue and the Placement, the Directors announce that the Company has mutually agreed with the Underwriters and the Principal Shareholders to terminate the Underwriting Agreement and the related supplemental agreement. Accordingly, the Company has decided not to proceed with the SGM that was scheduled to be held but was subsequently adjourned on 30th July, 2002 and the proposals for the Capital Reorganisation, amendment to Bye-Laws, Rights Issue with Bonus Warrants and Bonus Shares, and General Mandates will not proceed.

In view of the current sluggish local economy and uncertainty in the financial markets of the United States of America and Hong Kong, the Underwriters have requested Ever-Long, on behalf of the Underwriters, to consider exercising the right to terminate the arrangements set out in the Underwriting Agreement. In this regard, the Directors note that the Underwriters have the right to terminate the arrangements under the Underwriting Agreement upon the occurrence of certain force majeure events. Although the Directors are not certain whether the exercise of the right to terminate the Underwriting Agreement and the related supplemental agreement by the Underwriters in the circumstances will be valid or not, the Directors expect that further disagreement might arise between the Company and the Underwriters and legal costs and expenses would be incurred by the Company to resolve such disagreement if the Company did not agree to terminate the Underwriting Agreement and the related supplemental agreement. In such situation, the Directors further expect that this may have a negative impact on the business of the Group and adversely affect the ability of the Company to capture future fund raising opportunities which may arise in future. Accordingly, the Directors consider that it is in the best interests of the Company and the Shareholders to mutually agree to terminate the Underwriting Agreement and the related supplemental agreement with the Underwriters and the Principal Shareholders to maintain a good relationship between the Company and the Underwriters for future fund raising exercise of the Company.

The Directors also consider that the termination of the Underwriting Agreement and the related supplemental agreement can avoid the development of further possible chaotic situation at a later stage of the Rights Issue, reduce the losses of the Shareholders when such Shareholders have fully paid for their acceptances of the Rights Issue and thereby minimise the risk to the Company.

The Directors consider that the termination of the Underwriting Agreement and the related supplemental agreement is in the best interests of the Company and the Shareholders as a whole as it has minimised the risk of the Company as mentioned above.

TERMINATION OF THE PLACEMENT

Reference is also made to the announcement of the Company dated 25th July, 2002 in relation to the subscription of 283,601,382 new Shares at the subscription price of HK\$0.03 per Share ("Placement"). As the size of the capital to be raised from the Placement is relatively small and the subscription price for the Shares under the Placement is of a substantial discount to the prevailing share price of the Company, the Company has agreed with the Placing Agents to terminate the Placement with immediate effect. The Directors consider that termination of the Placement gives an opportunity to the Company to negotiate for another fund raising exercise upon more favourable terms and conditions and to that extent, the Directors consider that the termination of the Placement is in the best interests of the Company and the Shareholders as a whole.

Capitalised terms used herein shall have the same meanings as defined in the Announcements and the Circular, unless the context requires otherwise.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. 29th July, 2002. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7th August, 2002.

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

Hong Kong, 6th August, 2002

* For identification purposes only