



香港交易所

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

21 February 2005

The Listing Committee of The Stock Exchange of Hong Kong Limited criticises Mr Tsang Wai Lun, Wayland and Ms Kwok Wai Man, Nancy for breaching the Exchange Listing Rules, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Exchange Listing Rules (the “Model Code”) and the Declaration and Undertaking with regard to Directors given by them to the Exchange in the form set out in Appendix 5B to the Exchange Listing Rules (the “Director’s Undertaking”)

At a disciplinary hearing held on 30 November 2004, the Listing Committee conducted a hearing into possible breaches by Mr Tsang Wai Lun, Wayland (Chairman and executive director of Grand Field Group Holdings Limited (the “Company”)) and Ms Kwok Wai Man, Nancy (executive director of the Company), of their obligations under the then Rule 3.13 of the Exchange Listing Rules, the then Rule A3 of the Model Code and the Director’s Undertaking.

Pursuant to Rule A3 of the Model Code in force in respect of accounting periods ending on or after 30 June 2001, a director of a listed issuer was prohibited from dealing in the shares of the issuer during the blackout period (i.e. the period of one month immediately preceding the earlier of: (i) the date of the board meeting at which the issuer’s results were approved; and (ii) the deadline for the issuer to publish its results announcement, and ending on the date of the results announcement) unless the circumstances were exceptional. Rule 3.13 of the Exchange Listing Rules then in force further required that every director comply with the Model Code or the issuer’s own code in no less exacting terms.

The disciplinary hearing was in connection with alleged breaches of the Exchange Listing Rules arising from Rhenfield Development Corp. (“Rhenfield”), a company beneficially owned by Mr Tsang and Ms Kwok and a substantial shareholder of the Company, acquiring 2.49 million shares of the Company during the period from 27 August 2001 to 11 September 2001 (the “Share Acquisition”). On 26 September 2001, the Company’s board of directors approved the interim results for the six months ended 30 June 2001 (the “2001 Interim Results”). The Share Acquisition therefore fell within the one month “blackout period” under the then Rule A3 of the Model Code.

The Listing Committee concluded that Mr Tsang and Ms Kwok were in breach of the following:

1. Rule 3.13 of the Exchange Listing Rules and Rule A3 of the Model Code (both in force at the relevant time) by virtue of Rhenfield's acquisition of the Company's shares during the period commencing one month immediately preceding the date of the board meeting, which was held on 26 September 2001, for the approval of the 2001 Interim Results and ending on the date of the results announcement; and
2. the Director's Undertaking to comply to the best of their ability with the Exchange Listing Rules in force from time to time.

The Listing Committee decided to impose a public statement which involved criticism on Mr Tsang and Ms Kwok for the said breaches.

Commenting on the rationale of the Model Code requirements in the context of this case, Richard Williams, Head of Listing said, "The Model Code restricts the freedom of directors and certain employees of listed issuers (and those persons connected to them) to deal in their company's securities. Dealing restrictions are also imposed by statute and the general law. The Model Code imposes restrictions beyond those laid down by the law, the aim being to ensure that directors do not abuse, and do not place themselves under suspicion of abusing, price sensitive information that they may have or are thought to have. In other words, it seeks to ensure that directors cannot even be suspected of insider dealing; it deals with perception, whereas other statutory obligations deal with actions based on actual knowledge. Accordingly compliance with the Model Code is an important benchmark in promoting investor confidence and both procedural and substantive requirements deserve respect and due care and attention from directors."