



**THE STOCK EXCHANGE OF HONG KONG LIMITED**  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

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**ANNOUNCEMENT**

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2 May 2008

**Statement Regarding the Prolonged Trading Suspension of  
Styland Holdings Limited (Stock Code: 211)**

This announcement is made by The Stock Exchange of Hong Kong Limited (the Exchange) to provide shareholders of Styland Holdings Limited (the Company) and the investing public with information concerning the prolonged suspension of trading in the Company's securities on the Exchange. This announcement is made by the Exchange in the discharge of its obligation, pursuant to Section 21 of the Securities and Futures Ordinance, to maintain, as far as reasonably practicable, an orderly, informed and fair market for the trading of securities and under Listing Rule 2.07(2)(e) to preserve the general integrity and reputation of the market.

**Company Announcements**

On 8 August 2002, the Company issued an announcement (Announcement A) regarding its omission to seek prior shareholders' approval for, certain connected transactions, in breach of the then Rule 14.26 of the Listing Rules. The Listing Division commenced an investigation in late 2002.

On 3 June 2003, the Company issued another announcement (Announcement B) which, amongst other things, made retrospective disclosure of a further eight connected transactions which should have been subject to disclosure and/or shareholders' approval under the Listing Rules.

On 20 August 2003, the Company issued a further announcement (Announcement C) (together with Announcement A and Announcement B, the "Announcements") concerning the payment of HK\$3 million to Mr Kenneth Cheung Chi Shing, a former executive director of the Company (Mr Cheung), purportedly as a reward for his contribution in arranging one of the connected transactions disclosed in Announcement B.

**Trading Suspension**

On 21 April 2004, trading of the securities of the Company was suspended at the request of the Company pending release of an announcement in relation to a proposed rights issue. Though the rights issue lapsed on 27 July 2004, the Exchange declined the resumption of trading in the securities of the Company because of further regulatory concerns which arose from certain breaches of the Listing Rules acknowledged by the Company in Announcement B and further concerns which subsequently came to light during the Listing Division's investigation of the conduct of certain directors in the commission of those and other breaches alleged by the Listing Division and based on the materials obtained by the Listing Division in the course of the investigation.

During the early part of the current suspension, the Listing Division informed the Company that it had concerns over certain transactions and corporate actions that the Company had undertaken over a number of years including those disclosed in Announcement B. On 18 June 2004, the Listing Division notified the Company of its decision that, exceptionally, trading of the Company's securities would remain suspended pending conclusion of a disciplinary action to be brought against the Company and some of its former and current directors. The Listing Division further notified the Company that the decision was made under Rule 6.01 of the Listing Rules for the protection of investors. That decision was subject to a review brought by the Company in September 2004. The Listing Committee decided that trading resumption should be conditional upon (i) the resolution of the disciplinary action; and/or (ii) the provision by the Company of appropriate additional disclosure of the matters disclosed and identified in Announcement B.

### **Disciplinary Action**

**The following information should be read in the light of, and subject to, the caveat made in bold print below.**

#### *Events to date*

On 23 December 2004, the Listing Division issued a report (the Disciplinary Report) commencing the disciplinary action against the Company and certain of its former and current directors:

- Mr Cheung, a former executive director of the Company (resigned effective 18 June 2002);
- Mr Steven Li Wang Tai, a former executive director of the Company (resigned effective 1 July 2003);
- Ms Miranda Chan Chi Mei, an executive director of the Company; and
- Ms Yvonne Yeung Han Yi, an executive director of the Company (together, the "Other Parties").

The Disciplinary Report concerned alleged serious breaches of the Listing Rules by the Company and other alleged misconduct identified by the Listing Division in relation to the transactions identified in the Announcements. The Company and the Other Parties have denied the assertions made by the Listing Division.

The Company admitted some breaches of the Listing Rules in the Announcements and attributed those breaches to inadvertence. In the disciplinary action subsequently commenced, the Company and the Other Parties either denied the Listing Division's assertions of breach of duty and of the Listing Rules or submitted that where there were breaches, they were technical and resulted from inadvertence.

On 12 July 2005, a disciplinary hearing took place but was adjourned as a result of significant procedural issues raised by separate Senior Counsel retained by each of the Company and two of the Other Parties at the hearing.

On 15 July 2005, the Company made an application for resumption of trading of its securities on the Exchange, but the application was rejected by the Exchange on the basis that the Listing Division was still dissatisfied that the market was fully apprised of the circumstances of the matters as disclosed in Announcement B, and this might be effected by the resolutions of the impending disciplinary hearing by the Listing Committee on those matters and/or appropriate additional disclosure in line with the decision of the Listing Committee arising from the September 2004 review.

The disciplinary hearing was subsequently rescheduled to May 2007 and then October 2007. Both hearing dates were vacated at the request of the Company and the Other Parties. The disciplinary hearing was reconvened on 21 February 2008.

#### *Summary of Listing Committee's decisions*

On 8 April 2008, the Listing Committee, having considered both the written and oral submissions made by or on behalf of the Company, the Other Parties and the Listing Division on 21 February 2008, concluded, in summary, that there had been breaches of the Listing Rules by the Company and each of the Other Parties. The Listing Committee decided to impose a range of sanctions against each of the parties to the disciplinary action.

The Company and three of the four Other Parties have, pursuant to Rule 2A.11 of the Listing Rules, made a request for a review of the relevant decisions made by the Listing Committee. The review hearing is currently scheduled to take place on 19 August 2008.

**For the avoidance of any doubt the decisions made, a summary of which is set out above, do not represent a final determination of the disciplinary action. No sanctions have, as yet, been imposed on the Company or on any of the Other Parties. Certain of the decisions are subject to review as stated above and may also be the subject of a further review to the Listing Appeals Committee. The final conclusion of this disciplinary action may therefore not be available for sometime.**

#### **Conditions for resumption of trading in the Company's securities on the Exchange**

The decision of the Exchange to maintain the current trading suspension of the Company's securities is founded solely upon shareholder and market protection concerns arising from the matters identified in the Disciplinary Report.

The Listing Division believes that the alleged misconduct identified in the Disciplinary Report and the disciplinary decisions is serious. Serious regulatory concerns remain about the performance of four individuals, two of whom currently remain on the board of the Company.

The Listing Division has sought the guidance of members of the Listing Committee (excluding those who are eligible to sit at the disciplinary review hearing), in both February 2008 and April 2008, in respect of its handling of the prolonged trading suspension of the Company's securities. The Listing Division is of the view that, absent the conclusion of a review of the disciplinary decisions by the Listing Committee, resumption in trading of the Company's securities must be conditional upon satisfactory disclosure and implementation of further corporate governance measures to alleviate the Exchange's concerns. In late 2007, the Listing Division invited the Company to consider developing practical measures which may be taken to monitor the performance of those directors who are the subject of the disciplinary action, and to create a corporate governance committee on terms to be agreed with the Listing Division to monitor the effectiveness of the further governance measures. At the recent meetings of the Listing Committee this approach was endorsed and it was agreed that the

Exchange should, in the circumstances of this case, publish an announcement to the market concerning the prolonged trading suspension and the conditions imposed by the Exchange for trading resumption.

The Exchange will continue to monitor developments and will encourage the Company to provide its shareholders and the investing public with further information concerning its proposals to address the conditions for resumption of trading in the Company's securities.