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**SUN MAN TAI HOLDINGS COMPANY LIMITED**

**新萬泰控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 433)**

**CLARIFICATION ANNOUNCEMENT  
AND  
RESUMPTION OF TRADING**

Trading in the Shares was suspended on the Stock Exchange since 9:30 a.m. on 6 June 2003 at the request of the Company until further notice.

The Board wishes to clarify certain matters relating to the Press Articles and to provide an update on the current status of the Group's business and operations (including the role of Mr. Qian in the Group). The Board also undertook certain measures to improve corporate governance and strengthen the Board composition. The current executive Directors now comprise of persons who have substantial experience in property development and management, administration or finance. The Board considers that its members are suitably qualified to manage the business and operations of the Group and interest of the Shareholders are safeguarded.

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 2 August 2007.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

\* For identification purposes only

## **BACKGROUND INFORMATION AND REASON OF SUSPENSION**

The Board issued a clarification announcement on 10 June 2003, *inter alia*, regarding the Company's position in respect of (i) the Press Articles; and (ii) the fact that the Board was unable to reach Mr. Qian at such time.

The Board announced on 15 November 2004, Mr. Qian was found guilty of bribery by the Changchun Court with a determinate sentence of three and a half year. The Company was not informed by Mr. Qian of details of the Incident and as far as the Board is aware of, Mr. Qian was released in January 2006.

Mr. Qian has been re-designated as a non-executive Director with effect from 11 June 2004. Mr. Qian became contactable in about June 2005 and ceased to be a Director on 17 November 2006.

The Board (including all the independent non-executive Directors) believes that the Incident has no adverse impact on the business and operations of the Group as the Incident is not related to the business of the Group or Mr. Qian's shareholding in the Group. In order to confirm that the Incident has no negative impact on the Group, the Board obtained a PRC legal opinion from the Group's PRC Legal Adviser on 28 February 2005 and 27 July 2007, which opined that the Incident does not involve any companies in the Group.

The PRC Legal Adviser's legal opinion was arrived at after conducting a legal due diligence exercise which includes (a) the investigation of the Incident; and (b) conducting litigation searches at (i) the Changchun Procurator's Office and (ii) the Changchun Court for companies in the Group, their directors and senior management. The result of such litigation searches confirmed that companies in the Group, their directors and senior management were not involved in any completed or pending civil or criminal proceedings.

It was confirmed by the PRC Legal Adviser that such litigation searches at the Changchun Prosecutor's Office and the Changchun Court are sufficient to conclude that none of the Company, subsidiaries of the Group, their directors and senior management were involved in any legal proceedings in the PRC in respect of the arrest of Mr. Qian in relation to the bribery case as Mr. Qian was already convicted on 15 November 2004 in respect of the bribery case and other PRC authorities will not prosecute again based on the bribery case.

The Board confirms that Mr. Qian had not been involved in the Group's operation since June 2003 and neither the Company, any of its subsidiaries, any Director (save for Mr. Qian) nor employees of the Group has been the subject of investigation by any authorities in the PRC.

Since June 2003 Mr. Qian ceased to be involved in the management of the Company and the Group and since 17 November 2006 ceased to hold any position in the Company and the Group. However, Mr. Qian, through, Universal Union Limited, continues to hold 1,148,368,235 Shares, representing approximately 34.65% in the issued share capital of the Company and remained a controlling shareholder of the Company.

## **CURRENT STATUS OF THE BUSINESS OPERATION OF THE GROUP**

The Board confirms that the Incident does not have any impact on the normal business operation of the Group as to:

- (a) Mr. Qian has not been and does not involve in any of the Group's day-to-day normal business operation;
- (b) During the Suspension Period, the principal activities of the Group continue to be (i) securities trading, (ii) property leasing, (iii) property development and (iv) property management. There has been no significant change of the Group's principal activities during the Suspension Period;
- (c) The Group has been carrying on its business operations in its usual and ordinary course since the Incident without any noticeable or significant disruption; and
- (d) The Company published four audited consolidated financial statements during the Suspension Period, no unusual transactions were identified and those audited consolidated financial statements were all unqualified.

Based on the above, the Board (including all independent non-executive Directors) confirms that there has not been and will not have any material adverse impact of the Incident on the business, operations and the financial position of the Group.

## **ENHANCEMENT AND MAINTENANCE OF GOOD COMPLIANCE AND CORPORATE GOVERNANCE**

With a view to strengthen the Board and to safeguard the interests of the Shareholders, the Company has undertaken certain measures to restructure the management of the Company after the Incident.

Mr. Qian, and his spouse, Ms. Xu Zhe Cheng (a connected person of Mr. Qian pursuant to the Listing Rules) have resigned as executive Directors, the chronology of which is as below:

- (i) With effect from 11 June 2004, Mr. Qian has been re-designated as a non-executive Director. Mr. Qian retired from the office as non-executive Director with effect from 17 November 2006.
- (ii) Ms. Xu Zhe Cheng, resigned as an executive Director with effect from 28 February 2006.

The following Directors have been appointed since September 2004, all of whom have substantial experience in property development and management, administration or finance:

- (i) Mr. Jin Jiu Xin (“Mr. Jin”) was appointed as an executive Director on 28 February 2006. Mr. Jin previously held managerial posts of various companies in the PRC where he specialised in administration, property development and business dispute resolution in Hong Kong and the PRC. Mr. Jin is mainly responsible for the administrative function and property development function of the Group.
- (ii) Mr. Guan Guoxing (“Mr. Guan”) was appointed as an executive Director on 12 December 2006 and was further appointed as the Chairman of the Board on 12 January 2007. Mr. Guan has extensive experience in finance, trading, insurance and industrial working and management. Mr. Guan is mainly responsible for overseeing the Group’s business operation and development.
- (iii) Mr. Ji Jian Xun (“Mr. Ji”) was appointed as an executive Director on 12 December 2006. Mr. Ji previously held managerial posts in various hotels and service apartments located in the PRC. Mr. Ji is mainly responsible for the Group’s property management operation in the PRC.

(iv) Mr. Lo Wa Kei Roy (“Mr. Lo”) was appointed as independent non-executive Director on 25 September 2004. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants (Practicing), a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Securities Institute. Mr. Lo has over 13 years experience in auditing, accounting and finance. Mr. Lo is currently a member of the Company’s audit committee and his major responsibility is reviewing the Group’s financial reporting matters.

The Board considers that its members are suitably qualified to manage the business and operations of the Group and the interests of the Shareholders are safeguarded.

In addition, the Board also wishes to inform the Shareholders that the Board has taken following steps to improve the compliance and corporate governance of the Company:

#### **Formation of Corporate Governance Committee**

A Corporate Governance Committee was established on 12 January 2007, its members include:

Mr. Guan Guoxing, an executive Director and the chairman of the Board

Mr. Jin Jiu Xin, an executive Director and the deputy chairman of the Board

Dr. Cheng Chak Ho, an independent non-executive Director

The major responsibility of the Corporate Governance Committee is to oversee the Company’s corporate governance matters and to ensure the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

#### **Formation of Financial Reporting Committee**

A Financial Reporting Committee was established on 12 January 2007, its members include:

Mr. Jin Jiu Xin, an executive Director and the deputy chairman of the Board

Mr. Chiu Yeung, an executive Director and the chief executive officer of the Company

Mr. Lo Wa Kei Roy, an independent non-executive Director

The major responsibility of the Financial Reporting Committee is to oversee the preparation of financial statements of each financial period, to give a true and fair view of the state of affairs of Group and of the results and cash flow position of the Group. The committee is also responsible to ensure the compliance of disclosure requirements under the Listing Rules on a timely manner.

## **Appointment of Compliance Advisor**

The Board has appointed Karl Thomson Financial Advisory Limited as the Compliance Advisor on 27 June 2007. The purpose of appointment of Compliance Advisor is to provide guidance and advice on the Company's compliance with the Listing Rules. Such appointment was made in accordance with Chapter 3A of the Listing Rules. In accordance with Rule 3A.20 of the Listing Rules and the terms of the engagement, the appointment of the Compliance Advisor shall end no earlier than the date on which the Company distributes the annual report for the second full financial year commencing after the date of the appointment of the Compliance Advisor in accordance with Rule 13.46, that is, of the date on which the financial results of the Company for the financial year ending 31 December 2009 is distributed. During such period, the Company must consult with and seek advice from the Compliance Advisor on a timely basis in the circumstances as set out in Rule 3A.23 of the Listing Rules and the Compliance Advisor must discharge its responsibilities with due care and skill as required under Rule 3A.24 of the Listing Rules.

## **Compliance Review**

The Board has appointed Messer. M. C. Ng & Co., Certified Public Accountants on 25 June 2007 to conduct a compliance review on the internal control system and management capability of the Company to enable the Company to meet its obligations under the Listing Rules.

The Company had provided an undertaking to the Stock Exchange that (i) the Company will procure Messer. M. C. Ng & Co., Certified Public Accountants to issue a compliance review report together with any proposed remedial measures and timetable for implementation of such remedial measures, within six months from the date of appointment; and (ii) the Company will report the progress of its implementation of the remedial measures proposed by M. C. Ng & Co., Certified Public Accountants in its annual report for the year ending 31 December 2007 and subsequent financial years.

## **Enhancing the compliance and corporate governance knowledge of Directors**

The Directors intend to enhance their knowledge of compliance with the Listing Rules and corporate governance matters for the sake of protection of the interests of the Company and the Shareholders. Each of the Directors has provided an undertaking to the Stock Exchange that he/she will (i) attend 40 hours on compliance and corporate governance matters of training courses held by the Hong Kong Institute of Directors or other recognized institute acceptable to the Stock Exchange within six months from the date of resumption of trading in the Shares; and (ii) report completion of such training to the Stock Exchange with evidence of attendance and completion. On 7 July 2007, 14 July 2007 and 21 July 2007, all Directors attended the diploma course of “Professional Diploma in Enterprise Directorship” held by Hong Kong Productivity Council and The Hong Kong Institute of Directors.

## **RESUMPTION OF TRADING**

Trading in the Shares was suspended on the Stock Exchange since 9:30 a.m. on 6 June 2003 at the request of the Company until further notice.

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 2 August 2007.

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## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Board”	the board of Directors;
“the Changchun Court”	the Intermediate People’s Court of Changchun City of Jilin Province (吉林省長春市中級人民法院) of the PRC
“the Changchun Procurator’s	the Prosecutor’s Office of Changchun City of Jilin Office” Province (吉林省長春市人民檢察院)

“Company”	Sun Man Tai Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Compliance Advisor”	Karl Thomson Financial Advisory Limited, the Company’s compliance advisor, which is licensed under the Securities and Futures Ordinance to carry on Type 6 regulated activity (advising on corporate finance) and permitted under its licence of registration to undertake work as a compliance advisor;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Incident”	the conviction of Mr. Qian of a bribery offence by the Changchun Court, Liaoning Province, the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Qian”	Mr. Qian Yong Wei, an ex-Director of the Company;
“PRC”	People’s Republic of China;
“PRC Legal Adviser”	Shanghai Yunzheng Law Firm;
“Press Articles”	certain press articles on the newspapers issued in early June 2003 in relation to Mr. Qian being invited to assist in investigation in the PRC;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company



“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suspension Period”	the period since the date of suspension of trading of the Shares on 6 June 2003 up to the date of this announcement.

By order of the Board of  
**Sun Man Tai Holdings Company Limited**  
**Chiu Yeung**  
*Executive Director*

Hong Kong, 1 August 2007

*As at the date of this announcement, the executive Directors are Mr. Guan Guoxing, Mr. Jin Jiu Xin, Mr. Chiu Yeung, Mr. Ren Jun Tao and Mr. Ji Jian Xun; and the independent non-executive Directors are Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho.*