

Takeovers Panel

Takeovers Panel and Mr William Cheng Kai Man

1. This resolution is the outcome of discussions initiated by Mr Cheng following the decision of the Privy Council upholding the Panel's decision.
2. Mr Cheng now accepts the Panel's decision and apologises for having contested the Panel proceedings.
3. He acknowledges that the Panel's decision states that he must compensate the shareholders and warrant holders who should have received a general offer in November 1988.
4. Accordingly, Mr Cheng has accepted that he will not use dealers and financial advisers in the Hong Kong securities markets for a considerable period of years unless he is able to satisfy all those who make valid claims for compensation. Mr Cheng has accepted the Panel making an order to this effect. Mr Cheng does not have sufficient cash resources at this time to satisfy all the claims that might be made but will try to make available the necessary amount in the future. If he does so, the Panel's order will cease to operate.
5. The Panel has had regard to a number of factors in determining what order it should make. These include Mr Cheng's comparative youth at the time of the relevant contravention of the Code and of the initial proceedings before the Takeovers Committee. The Panel would not normally give any weight to the fact that a party has incurred very heavy legal expenses in unsuccessfully defending Panel proceedings and unsuccessfully challenging a Panel decision. However, in this particular case, the Panel considers that the factor of legal expenses should be given some weight because of the fact that the Shun Ho decision was the first time a compensation order was made by the Panel, and that Mr Cheng, who was inexperienced in such matters, was not guided in his approach to the proceedings by a financial adviser. The Panel has also given weight to Mr Cheng's apology for his conduct and to the fact that he has already been severely condemned and censured for that conduct.

6. In all of the circumstances, the Panel considers that Mr Cheng should be denied access to the facilities of the securities markets for no more than 5 years. The Panel's formal order to this effect forms **Appendix 1** . Mr Cheng has undertaken to advertise to invite those who were the beneficial owners of shares or warrants in Shun Ho Resources Holdings Limited (then called Standard Lloyds Holdings) in 30 November 1988 to make claims for compensation in accordance with the procedure set out in **Appendix 2** . He will then determine what action he will take in relation to such claims. The Panel's order will be uplifted whenever Mr Cheng is able to satisfy all valid claims for compensation and may be reconsidered in the light of any action Mr Cheng may take to make partial compensation or in the light of any change in circumstances that Mr Cheng may bring to the Panel's attention in the future.
7. The Panel's order is not intended to prejudice the business of any company in the Shun Ho group. It is intended to restrict Mr Cheng only in his personal capacity.
8. The Panel has terminated its proceedings in relation to Mr William Cheng Kai Man on this basis.

Encl

The Takeovers and Mergers Panel

Takeovers and Mergers Code- Introduction Section 12.1(e)

Mr William Cheng Kai Man

THE TAKEOVERS AND MERGERS PANEL hereby REQUIRES all registered and exempt dealers, investment advisers, dealers representatives and investment representatives within the meaning of the Securities Ordinance (Cap. 333) not, without the prior consent of the Executive in writing, to act or continue to act directly or indirectly in any capacity for Mr William Cheng Kai Man during the period commencing on 24 November 1995 and ending on 24 November 2000.

BY ORDER

Christopher de Boer
Chairman

Stages

1. Accounting or share registrar firm to be appointed and its fees and all necessary expenses and claims to be paid by Mr Cheng. Firm to be acceptable to Executive.
2. Accounting firm to advertise in agreed form in an English and a Chinese language newspaper on two occasions one week apart for claims by persons who were the beneficial owners of shares or warrants in Standard Lloyds Holdings on 30 November 1988. Advertisement to indicate claims may not be settled at all or in full and to set out agreed claim procedure. Advertisement to be settled by Executive.
3. Claims to be submitted to accounting firm within 21 days of second advertisement, together with any copies of contract notes, details of broker through whom shares bought or sold and such additional or other supporting documentation as claimants may have. Late claims are excluded.
4. Accounting firm to use microfiche to check those claims and to get brokers' assistance to determine whether or not they are valid. Claims to be verified by statutory declaration claimant was the beneficial owner at the time.
5. Once claims established, Mr Cheng either settles claims and order lifted or partially settles claims on basis of reduction of terms of order (to be agreed when facts known) or does not settle claims and order remains in force until 5 years expires.