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## Enforcement News

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23 November 2010

### Former executive director of Styland disqualified for six years

The Securities and Futures Commission (SFC) today obtained an order in the High Court to disqualify Mr Steven Li Wang Tai, former executive director of Styland Holdings Ltd (Styland) (Note 1). The order, which was made by the Honourable Mr Justice Thomas Au, disqualifies Li from being a director or being involved in the management of any listed corporation, without leave of the court, for a period of six years (Note 2).

Li accepted that he:

- failed to manage the company with the necessary degree of skill, care, diligence and competence as may reasonably be expected of a person of his knowledge and experience and holding his office within the company;
- failed to equip himself with the necessary understanding of the Listing Rules, and failed to consider the Listing Rules at the time when the company decided to enter into a number of transactions to acquire assets which resulted in significant losses in the company's assets (Note 3);
- failed to ensure that the company had obtained independent professional advice on its obligations before entering into those transactions;
- failed to ensure that those transactions were disclosed to shareholders (and the market) and that shareholder approval was sought or given in accordance with the Listing Rules; and
- was responsible in part for the lack of a system of procedures and controls to ensure that prior independent professional advice was taken, that the transactions were in the best interests of the company and that the company's interests were adequately protected.

Li also accepted that, during the relevant period, the business and affairs of Styland, have been conducted in a manner (1) involving misfeasance or other misconduct towards it or its members or a part of its members; (2) resulting in its members or any part of its members not having been given all the information with respect to Styland's business or affairs as they might reasonably expect; and (3) unfairly prejudicial to its members or part of its members.

The SFC is also taking similar action against the former chairman and two current executive directors of the company (Note 4).

"Listed company directors are in positions of substantial trust and responsibility. The SFC will continue to make directors accountable in actions like this when breaches of these important obligations or misconduct causes loss to listed companies and their shareholders," said Mr Mark Steward, the SFC's Executive Director of Enforcement.

End

Notes:

1. Styland was listed on the main board on 5 December 1991. The group's business includes securities dealing, property investment, general trading and infrastructure development. Trading in the shares of Styland has been suspended by the Stock Exchange of Hong Kong since 21 April 2004.

2. Under section 214 of the Securities and Futures Ordinance, the court may make orders disqualifying a person from being a company director or being involved, directly or indirectly, in the management of any corporation for up to 15 years, if the person is found to be wholly or partly responsible for the company's affairs having been conducted in a manner involving defalcation, fraud or other misconduct.
3. A summary of SFC's Petition is attached to the SFC [press release](#) dated 9 September 2008 which sets out the details of the transactions.
4. The SFC commenced proceedings against Li, the former chairman and two current executive directors of the company in 2008 (see SFC [Press Release](#) dated 9 September 2008). The hearing date of the SFC's petition in relation to the former chairman and the two current executive directors of the Company has been fixed on 12 January 2011.

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