

HKEx LISTING DECISION

Cite as HKEx-LD25-3 (May 2001) (Updated in September 2009 and withdrawn in January 2024)

[This listing decision is withdrawn.]

Summary	
Name of Party	Company A - a listed company
Subject	Whether guarantees given by a listed issuer to its subsidiaries to secure their banking facilities, which exceed 25% of the listed issuer's consolidated net tangible assets, give rise to a disclosure obligation under Practice Note 19 ¹
Listing Rule	Practice Note 19, sections 1.2, 2.2 and 3.3 ¹
Decision	Guarantees given by a listed issuer in favour of its subsidiaries do not give rise to a disclosure obligation under Practice Note 19 ¹

Summary of facts

Company A had given guarantees to various subsidiaries to secure their banking facilities and such guarantees exceeded 25% of its consolidated net tangible assets. Company A enquired whether such guarantees gave rise to a disclosure obligation under section 3.3 of Practice Note 19 of the Listing Rules¹.

Analysis

Although the guarantees given by Company A exceeded 25% of the listed issuer's consolidated net tangible assets, a disclosure obligation under Practice Note 19¹ arises only in respect of financial assistance (including guarantees) given by a listed issuer to its "affiliated companies". For this purpose, "affiliated companies" are defined in section 1.2 of Practice Note 19 [now Rule 13.11(2)(a)] as companies which are accounted for using the equity method of accounting in a listed issuer's consolidated financial statements.

Decision

The guarantees given by Company A to its subsidiaries did not give rise to a disclosure obligation under Practice Note 19¹.

Note:

- 1. These rules were amended in March 2004 and March 2006. The relevant rules after the rule amendments are Rules 13.11 and 13.16. Under Rule 13.16, the disclosure obligation will be triggered where the aggregate amount of financial assistance provided to affiliated companies exceeds 8% under the assets ratio as defined in Rule 14.07(1). (Added in September 2009)*