



香港交易所

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## **THE STOCK EXCHANGE OF HONG KONG LIMITED**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

17 March 2005

### **The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) criticises Raymond Industrial Limited (the “Company”) for breaching the Exchange Listing Rules**

At a disciplinary hearing held on 11 January 2005, the Listing Committee conducted a hearing into possible breach of the Exchange Listing Rules by, among others, the Company of its obligations under paragraph 3.2.1 of the then Practice Note 19 of the Exchange Listing Rules.

#### **Facts**

The Company’s annual report for the period ended 31 December 2002 (the “2002 Annual Report”), which was despatched on 23 April 2003, disclosed that the Group provided guarantees for bank loans of third party companies amounting to HK\$184,575,000 during the financial year of 2002. According to the Company’s announcement dated 13 June 2003, among such guarantees, two amounts in the sum of HK\$175,149,000 (the “Guarantees”) were granted by two equity joint venture enterprises of the Group in the P.R.C., namely, Sichuan Jinfeng Spike Paper Products Company Limited (四川錦豐斯貝克紙品有限公司) (“Spike”) and Sichuan Jinfeng Innovation Industry Company Limited (四川錦豐創新實業有限公司) (“Innovation”), on 11 July 2002 and 30 October 2002 respectively, in favour of the Bank of China to secure the repayment of two banking facilities granted to an independent third party. The holding company of Spike and Innovation was a subsidiary of the Company.

The amounts guaranteed by Spike and Innovation totalled 32.6 per cent and 32.9 per cent of the Company’s net assets for the six months ended 30 June 2002 and the year ended 31 December 2002 respectively.

Pursuant to paragraph 3.2.1 of the then Practice Note 19 of the Exchange Listing Rules, a general disclosure obligation would arise when the relevant advance to an entity exceeded 25 per cent of the issuer's net assets. Paragraph 3.1 of the then Practice Note 19 provided that the issues that were required to be disclosed under, among other things, paragraph 3.2.1 should be viewed on a group basis, including those arising from a direct relationship or indirectly through subsidiaries and affiliated companies. As such, the Company should have published the relevant announcement immediately after the disclosure obligation arose on 30 October 2002. However, the Company only published the Announcement on 13 June 2003 disclosing the details of the Guarantees which amounted to a delay of 7 months and 13 days.

### **The Decision**

The Listing Committee concluded that the Company breached paragraph 3.2.1 of the then Practice Note 19 of the Exchange Listing Rules. The Listing Committee decided to impose a public statement which involved criticism on the Company for the said breach.

Head of Listing, Richard Williams said, "Paragraph 3.2.1 of the then PN19 (current Rule 13.13) imposes an unambiguous obligation on listed issuers to disclose certain advances to entities. Listed issuers are reminded to implement measures to ensure those requirements are complied within a timely fashion. Listed issuers are reminded to review those measures from time to time to cater for changes of circumstances within the group."