

**HKEx LISTING DECISION**  
**Cite as HKEx-LD21-2 (January 2001)**

<b>Summary</b>	
Name of Party	Company A - an applicant for new listing
Subject	No application for securities of more than HK\$5 million - whether still needed to divide into two pools
Listing Rule	Paragraph 3.1 of Practice Note 18
Decision	No need to divide into two pools

**Summary of Facts**

Company A did not receive any applications in its initial public offering for securities in the value of more than HK\$5 million.

Company A enquired as to whether there was still a need to divide the total number of securities available for public subscription into two pools for the purpose of Paragraph 3.1 of Practice Note 18 to the Listing Rules.

**Analysis**

Paragraph 3.1 of Practice Note 18 provides as follows:

"The total number of securities available for public subscription (taking account of any clawback feature in the case of issues which involve both placement and public subscription tranches) are to be divided equally into pools : pool A and pool B. The securities in pool A should be allocated on an equitable basis to applicants who have applied for securities in the value of HK\$5 million or less. The securities in pool B should be allocated on an equitable basis to applicants who have applied for securities in the value of more than HK\$5 million and up to the value of pool B. Where one of the pools is undersubscribed, the surplus securities should be transferred to satisfy demand in the other pool and be allocated accordingly. No applications should be accepted from investors applying for more than the total number of shares originally allocated to each pool. Multiple applications within either pool or between pools should be rejected."

The purpose of this requirement is to provide for a fair and orderly allocation of securities between small- and large-scale investors with HK\$5 million serving as the dividing line between the two groups. Where, as in the present case, there is only one group, the question of dividing into pools does not arise.

**Decision**

There was no need to divide the total number of securities available for public subscription into two pools for the purpose of Paragraph 3.1 of Practice Note 18.