

## **HKE<sub>x</sub> LISTING DECISION**

**Cite as HKE<sub>x</sub>-LD37-1 (October 2003) (Updated for rule reference in September 2009)**

**(Withdrawn in August 2015; superseded by GL17-10)**

Summary	
Name of Party	Company A – a listing applicant
Subject	Chapter 21 listing applicant - minimum spread of shareholders on listing
Listing Rules	Rules 8.08(2) and 21.04
Decision	Rule 8.08(2) applies – minimum 100 <sup>1</sup> shareholders required

### **Summary of Facts**

Company A was applying for a listing under Chapter 21 of the Listing Rules. It was an investment company and proposed to offer its shares to a limited number of professional investors and not to offer its shares to the public in Hong Kong.

Company A asked the Exchange whether the requirement under Rule 8.08(2) as to the minimum number of shareholders on listing would apply to its listing application.

### **Analysis**

Rule 8.08(2) states as follows:

“in the case of a class of securities new to listing, at the time of listing there must be an adequate spread of holders of securities to be listed. The number will depend on the size and nature of the issue, but, as a guideline, there should be ... a minimum of 100<sup>1</sup> holders.”

Rule 21.04 states, among other things, that “the Exchange may be prepared to waive the guideline regarding the minimum number of shareholders which is set out in rule 8.08(2) in appropriate circumstances (for example, where the securities of the investment company are not marketed to the public in Hong Kong).”

It was noted that, for companies seeking a listing under Chapter 8, Rule 8.08(2) was designed to establish a broad base of shareholders resulting in a potentially “deeper” market for trading a company’s shares and hence helping to ensure subsequent liquidity. The Exchange was of the view that, even in the case of Chapter 21 companies (including those whose securities are not marketed to the public in Hong Kong), it would still be necessary for there to be a minimum number of shareholders in order to demonstrate that there was sufficient interest in the shares being offered and so justify a listing on the Exchange.

## **Decision**

The requirement under Rule 8.08(2) as to the minimum number of shareholders on listing applied to Company A's listing application. Company A would therefore be required to have a minimum of 100<sup>1</sup> shareholders on listing.

*Note:*

1. *The minimum number of shareholders at the time of listing was revised to 300 in March 2004. (Added in September 2009)*