

Listing Decisions Series 8-2 – Whether Company A fulfilled the track record requirements for new listing (November 1999) (Updated for rule reference in September 2009)

[Withdrawn in February 2018]

Summary	
Name of Party	Company A – an applicant for new listing Company B – a company owned as to 39% by the brother of the controlling shareholder of Company A
Subject	Whether Company A fulfilled the track record requirements for new listing
Listing Rule	Rule 8.05
Decision	Listing application should be postponed until Company A was able to fulfil Rule 8.05 without including the “connected” profits.

Summary of Facts

A significant portion of the track record profits of Company A came from transactions with Company B. Without these profits, Company A would not be able to meet the track record requirement of Rule 8.05.

Analysis

Although the brother did not control Company B (an independent third party held the remaining 61%), these transactions constituted connected transactions under Chapter 14 of the Listing Rules *[now Chapter 14A]*. A substantial portion of Company A’s track record, would mean that Company A could not meet the profit criteria of the three-year track requirement under Rule 8.05. A postponement until such requirement could be met without the profits from the connected transactions would remove any doubts on the validity of Company A’s track record.

Decision

The listing application should be postponed until Company A was able to fulfil Rule 8.05 without including the “connected” profits.