

# Listing Decisions

Updated: 01/06/2000

## Listing Decisions Series 15-3 -- Calculation of initial listing fee where applicant was to be listed by way of introduction with Hong Kong as its only place of listing (June 2000)

Summary	
Name of Party	Company A - an applicant for new listing
Subject	Calculation of initial listing fee where applicant was to be listed by way of introduction with Hong Kong as its only place of listing
Listing Rule	Appendix 8, paragraph 1
Decision	In the absence of a price/earnings ratio, the average closing price of the first five trading days should be used for such purpose

### Summary of Facts

Company A was to be listed on the Exchange by way of introduction.

Paragraph 1 of Appendix 8 of the Listing Rules provides that the amount of the initial listing fee payable by an applicant for new listing is to be calculated in accordance with a table set out in that paragraph. The amount is based on the "monetary value of the equity securities to be listed".

The question arose as to how Company A's initial listing fee should be calculated.

### Analysis

In the case of most companies listed by way of introduction, their shares are already listed on other exchanges and the initial listing fees are therefore based on the actual market capitalisation of the companies on the relevant exchanges at the relevant time.

However, Company A would only be listed in Hong Kong, so an appropriate method had to be laid down to determine the monetary value of Company A's newly listed shares for the purpose of calculating the amount of the initial listing fee payable.

### Decision

If a price/earnings ratio was ascertainable from the listing document, such price/earnings ratio should be used to estimate the monetary value of Company A's newly listed shares for the purpose of calculating the amount of the initial listing fee payable. Otherwise, the average closing price of the first five trading days should be used for such purpose.