

Date: 10 February 2011

Consultation Questions – Comments from RHL Appraisal Limited

Q1: Do you agree with the proposed disclosure guidance for material property interests in paragraph 61? If your answer is “No”, please give reasons and alternative views.

RHL: Yes.

Q2: Do you agree that the proposed definition of property activities is appropriate? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q3: Do you agree with the proposed definition of a property interest in paragraph 67? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q4: Do you agree with the proposed guidance on what should be treated as a single property interest in paragraph 69? If your answer in “No”, please give reasons and alternative views.

RHL: Yes

Q5: In addition to the information mentioned in paragraph 74, is there any other information that should be disclosed in a valuation report that is not required at present by the Listing Rules? Also, is there any information that is no longer required to be disclosed in a valuation report? If your answer is “Yes”, please state.

RHL: No

Q6: Do you agree with the proposal to maintain the effective date at which the property was valued under Rule 5.07 at not more than 3 months before the date of the listing document? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q7: Do you think that the prospectus law should retain requirements for property valuations in line with the proposals in this paper? Alternatively is it sufficient for the prospectus law to rely on the general disclosure obligation under the Companies Ordinance? Please give reasons.

RHL: We are of the view that the prospectus law should retain requirements for property valuations. As an international financial center, many corporations are looking to be listed in Hong Kong, particularly the Chinese enterprises. In certain extent, many fixed assets are booked at cost in some developing countries; these could not reflect the market value of the assets and the value of the company without a proper valuation.

Q8: Do you agree not to require property valuations and disclosing valuation information if the carrying amount of a property interest of an applicant’s property activities is below a percentage of its total assets? If your answer is “No”, please give reasons and alternative views.

Q9: Do you agree not to require valuation of a property interest with carrying amount below 1% of total assets? If your answer is “No”, please give reasons and alternative views.

Q10: Do you agree that the total carrying amount of property interests that do not require valuation cannot exceed 10% of the applicant’s total assets? If your answer is “No”, please give reasons and alternative views.

RHL: Yes.

Q11: Do you agree that a listing document should include full text of valuation reports for all property interests that are required to be valued under property activities except where summary disclosure is allowed? If your answer is “No”, please give reasons and alternate views.

Q12: Do you agree to allow summary disclosure if the market value of a property interest as appraised by the valuer is less than 5% of the property interests that are required to be valued under property activities? If your answer is “No”, please give reasons and alternative views.

Q13: Do you agree with the form for summary disclosure of property interests in Appendix II? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q14: Do you agree that an applicant should be required to include an overview in the listing document describing all property interest not covered by a valuation report? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q15: Do you agree that the proposed class exemption notice should apply to prospectus for unlisted companies as well as applicants? If you answer is “No”, please give reasons and alternate views.

Q16: Do you agree that the proposed class exemption notice in Appendix III will implement the proposals for property activities? If you answer is “No”, please give reasons and alternate views.

Q17: Do you agree that the proposed Listing Rule amendments in Appendices IV.A and IV.B will implement the proposals for property activities? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q18: Do you agree that a full text of valuation report is required if the carrying amount of a property interest is or is above 15% of an applicant's total assets? If your answer is "No", please give reasons and alternative views.

RHL: Yes

Q19: Do you agree that the 15% threshold should be calculated using:
(a) The carrying amount of a property interest: and
(b) Total assets
Reflected in the accountants' report of the applicant? If your answer is "No", please give reasons and alternative views.

RHL: Yes. However, in our past experiences, we note that some valuable fixed assets are booked at cost / partial booked at construction cost for some Chinese enterprises. It could not truly reflect the market value of the assets.

Q20: Do you agree with the proposed disclosure requirement for property interests in paragraph 98? If your answer is "No", please give reasons and alternative views.

RHL: Yes

Q21: Do you agree that an applicant should be required to include an overview in the listing document describing all property interests not covered by a valuation report? If your answer in "No", please give reasons and alternative views.

RHL: Yes

Q22: Do you agree that property interests ancillary to mining activities will not be required to be valued if the prospectus includes a valuation by an independent professionally qualified valuer of the associated mineral or petroleum assets or resources? If your answer is "No", please give reasons and alternative views.

RHL: No. In our past expertise, the mining experts might not have sufficient experienced in valuing the fixed assets of mineral / petroleum assets. The experts mainly focus on the whole mining and operation process / procedure. We consider that some mineral or petroleum sites have many other buildings and ancillary structures and facilities that are needed to be value.

Q23: Do you agree that the proposed class exemption notice should apply to prospectus for unlisted companies as well as applicants? If your answer is “No”, please give reasons and alternate views.

Q24: Do you agree that that proposed class exemption notice in Appendix III will implement the proposals for non-property activities? If your answer is “No”, please give reasons and alternated view.

Q25: Do you agree that the proposed Listing Rule amendments in Appendices IV.A and IV.B will implement the proposals for non-property activities? If your answer is “No.”, please give reasons and alternative views.

RHL: Yes

Q26: Do you agree with the proposed disclosure guidance for material property interests in paragraph 61? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q27: Do you agree that it is unnecessary to introduce different valuation requirements for acquisition or disposal of non-property activities and property activities for issues? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q28: Do you agree with the proposal to remove valuation requirements if the company being acquired or disposed of is listed on the Exchange, except for a connected transaction (see paragraph 123)? If your answer is “No”, please give reasons and alternative views.

Q29: Do you agree that an overview of property interests not covered by a valuation report be disclosed in the circular? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

- Q30: Do you agree not to require property valuations and disclosing valuation information for acquisition or disposal of an unlisted company if the carrying amount of a property interest is below a percentage of the issuer's total assets? If your answer is "No", please give reasons and alternative views.
- Q31: Do you agree not to require valuation of property interest with carrying amount below 1% of the issuer's total assets? If your answer is "No", please give reasons and alternative views.
- Q32: Do you agree that the total carrying amount of property interests that do not require valuation cannot exceed 10% of the issuer's total assets? If your answer is "No", please give reasons and alternative views.
- Q33: Do you agree with the proposed definition of property interest in paragraph 67? If your answer is "No", please give reasons and alternate views.
- Q34: Do you agree with the proposed guidance on what should be treated as a single property interest in paragraph 69? If your answer is "No", please give reasons and alternate views.
- Q35: Do you agree that a circular should include full text of valuation reports for all property interests that are required to be valued except where summary disclosure is allowed? If your answer is "No", please give reasons and alternative views.
- Q36: Do you agree to allow summary disclosure if the market value of a property interest as appraised by the valuer is less than 5% of the property interests that are required to be valued? If your answer is "No", please give reasons and alternative views.
- Q37: Do you agree with the form for summary disclosure of property interests in Appendix II? If your answer is "No", please give reasons and alternative views.
- Q38: Do you agree that an overview of property interests not covered by a valuation report be disclosed in the circular? If your answer is "No", please give reasons and alternative views.

Q39: Do you agree that for an acquisition or disposal of an unlisted company, valuations will not be required for property interests ancillary to mining activities if the circular includes a valuation by an independent professionally qualified valuer of the associated mineral or petroleum assets or resources? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q40: Do you agree with the proposal relating to a very substantial acquisition in paragraph 121? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q41: Do you agree with the proposal to retain the existing valuation requirement for connected transactions? If your answer is “no”, please give reasons and alternative views.

Q42: Do you agree that valuation will continue to be required if the connected transaction involves an acquisition or disposal of a company listed on the Exchange? If your answer is “No”, please give reasons and alternative views.

Q43: Do you agree with the proposals relating to connected transactions in paragraph 125? If your answer is “No”, please give reasons and alternative views.

RHL: Yes

Q44: In addition to the information mentioned in paragraph 74, is there any other information that should be disclosed in a valuation report that is not required at present by the Listing Rules? Also, is there any information that is no longer required to be disclosed in a valuation report? If you answer is “Yes”, please state

RHL: Yes

Q45: Do you agree with the proposal to maintain the effective date at which the property was valued under Rule 5.07? If your answer is “No”, please give reasons and alternative views. (Please note that the same question has been raised for applicants in Q6)

RHL: Yes

Q46: Do you agree that the proposed Listing Rule amendments in Appendices IV.A and IV.B will implement the proposals for issuers? If your answer is “No”, please give reasons and alternative views.

RHL: Yes