

31<sup>st</sup> July, 2003

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Hong Kong Exchanges and Clearing Limited  
Listing Division  
11<sup>th</sup> Floor,  
One International Finance Centre,  
1 Harbour View Street,  
Central,  
Hong Kong.

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UNION  
UNITED

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Dear Sirs,

**RE: CONSULTATION PAPER ON THE REGULATION OF SPONSORS  
AND INDEPENDENT FINANCIAL ADVISERS ("THE  
CONSULTATION PAPER") – NON-PROPERTY VALUERS**

I refer to the Consultation Paper jointly issued by Securities and Futures Commission ("SFC") and Hong Kong Exchanges and Clearing Limited (the "Exchange") in May 2003.

As a non-property valuer, I am happy to see that a number of market practitioners are now in the process to establish a Self Regulatory Organization ("SRO") for business valuation. However, I would like to express my concern on the details of short-term measure to be taken so as to improve standards and transparency in the area of report and the proposed partial adoption of Uniform Standards of Professional Appraisal Practice ("USPAP") in Hong Kong.

Business valuation in the United States has a long history and is well developed. Strong data support from reputable research companies, high availability of research data and free flow of information are the cornerstone of successful execution of USPAP in the United States. Without considering its applicability in Hong Kong, deficiency of any of these shall make it difficult for the market practitioners to meet the standards. In this regard, it is wise for the Exchange or SFC not to unilaterally establish the standards but to leave this issue to the proposed SRO for further discussion.

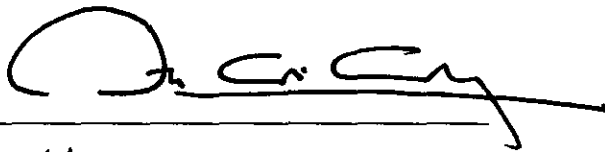
In the past few years, voice from the market practitioners was heard that business valuation experience has been required for a *particular industry* from the Exchange and SFC. From my point of view, when the business valuers have amassed sufficient and satisfactory valuation job reference, it is not necessary to impose this requirement on them since it is impossible to find a perfect valuer who has ever come across all the industries in the world. Furthermore, there is no such requirement for other professionals such as lawyers, financial advisers and accountants.

Finally, I hope the Exchange and SFC should heed what I have mentioned above.

Yours faithfully,

For and on behalf of

**Castores Magi Asia Limited**



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*Director*