



The Stock Exchange of Hong Kong Limited
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

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To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)
Market practitioners

Dear Sirs

Consultation begins on proposals to streamline property valuation requirements

The Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), launched a joint consultation today on proposed changes to the requirements for property valuation disclosure in applicants' prospectuses and issuers' circulars.

The objectives behind the proposals are to remove unnecessary burden on applicants and issuers and to require meaningful disclosure to enhance the quality of information provided to investors. Under the current requirement, an applicant must include valuation information on all its property interests in its prospectus.

For applicants, the proposals maintain the property valuation requirements for business activities that involve property development and investments, unless the property has a carrying amount below 1 per cent of the applicant's total assets. For other business activities, which usually involve properties for own use, the proposals require a property valuation only if the carrying amount of a property is at 15 per cent of its total assets or above.

For issuers, the property valuation requirements for an acquisition or disposal of companies listed on SEHK is removed under the proposals. For an acquisition or disposal of an unlisted company, the proposals maintain the property valuation requirements except for the property interests with a carrying amount below 1 per cent of the issuer's total assets.

Both applicants and issuers must continue to disclose relevant information about material properties under the general disclosure obligation.

The joint consultation paper can be downloaded from the HKEx website at <http://www.hkex.com.hk/eng/newsconsul/mktconsul/documents/cp201012.pdf> or the SFC website at <https://www.sfc.hk/sfcConsultation/EN/sfcConsultFileServlet?name=PropertyValuation&type=1&docno=1>. The consultation period will end on 11 February 2011. Interested parties are encouraged to respond to the joint consultation paper by completing and submitting the questionnaire at <http://www.hkex.com.hk/eng/newsconsul/mktconsul/documents/cp201012q.doc>. Comments may also be submitted to the SFC by e-mail to PropertyValuation@sfc.hk, by post or by fax to 2810-5385.

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Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

Mark Dickens
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