

HKE_x LISTING DECISION

Cite as HKE_x-LD28-1 (August 2001) (Updated in September 2009 and withdrawn in January 2024)

[This listing decision is withdrawn.]

Summary	
Name of Party	Company A - a listed company
Subject	Major transaction - whether property valuation required
Listing Rule	Rule 5.02 ¹
Decision	Property valuation required

Summary of facts

Company A had entered into a major transaction involving the acquisition of the entire issued share capital of a company whose principally asset comprised a piece of land. It proposed to establish a private club and to provide certain sports facilities on the land.

Company A considered that the value of the property lay in its potential business use.

Company A enquired whether a business valuation could be included in the circular to shareholders to be issued in connection with the major transaction instead of a property valuation.

Analysis

Rule 5.02¹ of the Listing Rules requires that, in the case of an acquisition or realisation of any property, or a company whose assets consist solely or mainly of property, and where the consideration payable exceeds 50% of the assets of the acquiring or realising group, a valuation of and information on such property must be included in the circular to shareholders unless the interest in the property is acquired from the Hong Kong Government at a public auction or by sealed tender.

In the present case, the transaction fell squarely within this Rule 5.02¹. The asset being acquired comprised a piece of property. The intended use of the property was irrelevant in considering whether the Rule applied if a consistent and meaningful approach was to be adopted.

Decision

Company A would need to include a property valuation in its circular to shareholders as required under Rule 5.02¹.

Note:

- 1. This rule was amended in March 2004. Under the revised rule, an issuer must comply with the valuation report requirement if any of the percentage ratios of the subject transaction exceeds 25%. (Added in September 2009)*