



## General Practice Division

Sr Chiu Kam Kuen GPD Council Chairman

# SFC Issues Guidance Notes on Corporate Transactions and the Use of Valuations

On 15 May, the Securities and Futures Commission (SFC) issued:

- Guidance notes on directors' duties in the context of valuations in corporate transactions
- A circular to financial advisers in relation to their advisory work on valuations in corporate transactions
- A statement on the liability of valuers for disclosing false or misleading information

The SFC has become increasingly concerned over some listed companies' acquisitions of assets at unreasonably high prices or sales of assets that were substantially undervalued. As a result of some ill-advised transactions, shareholders' interests were harmed. The guidance notes remind directors that they are the guardians of their listed companies' assets and must ensure that acquisition targets are properly considered and investigated.

The SFC also mentioned that valuers are expected to exercise the degree of skill and care ordinarily exercised by reasonably competent members of their profession. They should not knowingly or recklessly accept any assumption that is not reasonable and fair. Valuers may be liable if their valuation reports contain any materially false or misleading information.

The SFC will take appropriate actions against those companies, directors, advisers, and valuers who fail to comply with their duties under the Securities and Futures Ordinance. When assessing a potential breach of duty, the SFC

will determine if the guidance notes, circulars, and statements were adhered to and would more likely investigate and penalise those who choose to disregard them.

For a full version of the SFC's announcement, please visit the link below:

<http://sc.sfc.hk/gb/www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=17PR68>.

## Reciprocity Examination with CIREA (中國房地產估價師與房地產經紀人學會)

Further to the reciprocity recognition agreement with CIREA that was finalised in November 2003 and a second reciprocal arrangement in 2011, the supplementary agreement over a third reciprocal arrangement with CIREA was signed by both institutes in May. The reciprocity examination with CIREA has been confirmed for 8-9 July 2017 in Shenzhen. Over 60 members who applied will receive two days of intensive training followed by an examination. More information will be provided to members who have registered.

## IVSC Launches New Consultation to Set Agenda for Valuation Standards Development

The International Valuation Standards Council (IVSC) has opened a consultation on future revisions to the International Valuation Standards (IVS).

Following the publication of IVS 2017, which represented a major milestone in the harmonisation and improvement of the IVS, the IVSC has considered if it should focus its efforts on further improvements to the IVS.

The IVSC's consultation was launched to gather feedback from valuation stakeholders on issues that the IVSC should address as part of its current agenda, along with additional topics that stakeholders think should be priorities or added to the IVSC's agenda.

As part of a new approach to revising the IVS, the IVSC will publish agenda consultations every year to make the standard-setting process more open and consultative.

The IVSC's Standards Boards, spearheading this process, have identified a number of major valuation topics that it wants to examine further as part of the additions to the IVS and on which it wants feedback. They are:

1. Non-Financial Liabilities
2. Discount Rates
3. Early Stage Valuations
4. Biological Assets
5. Extractive Industries
6. Inventory

The HKIS, as one of the IVSC's Valuation Professional Organisation members, wants to gather its members' comments on future revisions to the IVS. Please send us your comments before 21 July 2017 with attention to the GPD Chairman, Sr KK Chiu, at [kkchiu@hkis.org.hk](mailto:kkchiu@hkis.org.hk) so that we can deliver a consolidated response to the IVSC.

Please visit the IVSC website for more details on the consultation process:

<https://www.ivsc.org/news/article/ivsc-launches-new-consultation-to-set-agenda-for-valuation-standards-development.0>

## Visit from the PRC's Ministry of Land and Resources (國土資源部), 27 April

China's Director of the Ministry of Land and Resources, Mr Liu Yan (國土資源部土地利用管理司地價處處長劉彥), led a four-person delegation to the HKIS on 27 April. The visitors were received by President Sr Thomas Ho, Vice President Sr Dr Tony Leung, and Mainland Affairs Committee Chairman Sr Stephen Lai. The GPD Chairman, Sr KK Chiu, and LSD Chairman, Sr Dr Conrad Tang, also attended the meeting to exchange professional views on land development issues.

As Mr Liu expressed his interest in the existing arrangements for extending the terms of Government leases in Hong Kong, Sr KK Chiu enlightened his party on Hong Kong's land system and policies, land taxation, and lease renewal system while both sides exchanged views and local practices.



## GPD Annual Dinner 2017, 19 May

The GPD Annual Dinner was successfully held at Brick Lane on 19 May. The full-house event was attended by 103 guests, including around 40 newly-qualified younger members and

probationers. Other attendees included guests from the General Council (GC), industry leaders, members, and supporting companies such as Cushman & Wakefield, JLL, K Wah, and Savills.

The evening began with a cocktail reception for members to quickly warm to and mingle with each other. In his welcome speech, GPD Chairman Sr KK Chiu expressed his heartfelt thanks to all attendees. He briefly reported on the many tasks the council had accomplished so far and shared his vision and work plan for the rest of the term. He also paid tribute to the Organising Committee Chairman, Sr Jason CS Chan, and OC team members, Sr Kirsten Lam, Sr Kendy Cheuk, and Sr Kitty Ng, for putting together the event.

Sr Chiu's speech was followed by remarks from President Sr Thomas Ho before a mouth-watering dinner was served. The highlight of the evening – a beer-drinking competition – brought the night to its climax. Four teams representing the supporting companies, along with one team comprised of GC members and another formed by GPD Council members, competed for the title of quickest drinker.

The dinner was a successful event with plenty of time for networking between industry professionals. The gathering ended at midnight, but not before lots of laughter and many bottles had been expended.



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1. Welcome speech by Sr KK Chiu, GPD Chairman
2. HKIS President's message by Sr Thomas Ho
- 3-6. Cocktail reception
7. Immediate Past President Sr CK Lau and Past President Sr Tony Tse
8. Guests Sr Clement Lau, Chair of the RICS Hong Kong Board; Sr Eric Ho; and Sr Charles Chan
9. President Sr Thomas Ho, Past President Sr Tony Tse, and Vice-President Sr Dr Tony Leung with GPD Council Members

# DIVISIONAL NEWS & ACTIVITIES

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10. Full-house events with lots of laughter
11. Organising Committee Chairman Sr Jason CS Chan and GPD Honorary Secretary Sr Benson Lee with guests from the GC
12. GPD Council office bearers with guests from the GC
13. President Sr Thomas Ho, Past Presidents Sr Tony Tse and Sr Serena Lau, and guests from the GC
14. GPD Chairman Sr KK Chiu; Vice Chairman Sr Alexander Lam; Organising Committee Chairman Sr Jason CS Chan; and OC team members Sr Kirsten Lam, Sr Kendy Cheuk, and Sr Kitty Ng
15. GPD Chairman Sr KK Chiu, Vice Chairman Sr Jason CW Chan, and GPD Council Members with younger members
16. Guests from Cushman & Wakefield and OCs
17. Guests from JLL
18. Guests from K Wah
19. Guests from Savills
20. Immediate Past President Sr CK Lau with younger members
21. Host of the beer-drinking competition, Sr Jeffrey Wong, and GPD Council member
22. Beer-drinking competition
23. Contestants in the beer-drinking competition
24. Finalists in the beer-drinking competition: HKIS Senior Vice-President Sr Dick Kwok and GPD Chairman Sr KK Chiu
25. Winner of the beer-drinking competition: Team Cushman & Wakefield
26. Winner of the beer-drinking competition: Team Savills
27. Organising Committee with younger members