

**GUIDELINES FOR ADMINISTRATION OF LIST OF PROPERTY VALUERS
UNDERTAKING VALUATIONS FOR INCORPORATION OR REFERENCE IN LISTING
PARTICULARS AND CIRCULARS AND VALUATIONS IN CONNECTION WITH
TAKEOVERS AND MERGERS**

1. Background

Following a small number of incidents relating to valuations published in IPO prospectuses which aroused public concern on valuation practice over the past years, the Hong Kong Stock Exchange (HKSE) and Securities and Futures Commission (SFC) have discussed with HKIS regarding regulation of valuation practice. HKSE and SFC have requested for a list of valuers suitably qualified for undertaking property valuations that are used for incorporation or reference in listing particulars, and circulars and valuations in connection with takeovers and mergers.

The Valuation Practice Panel has been delegated by the General Practice Division Council (GPD Council) to investigate the feasibility of formulating the required list of valuers. The proposal prepared by the Valuation Practice Panel to establish a List of Property Valuers for Public Disclosure Related Valuations (the List) has been subsequently endorsed by GPD Council.

2. Requirements

A member who wishes his name to be contained in the List should fulfill the following requirements: -

- a. Being a corporate member of HKIS (General Practice Division);
- b. Practicing in a firm which
 - (i) has business registration in Hong Kong; and
 - (ii) is carrying out valuation business in Hong Kong;
- c. Being a Registered Professional Surveyors (General Practice Division);
- d. Having at least three years post qualification experience;
- e. Having at least two years post qualification experience in valuations related to circulars/prospectuses of listing / listed companies;
- f. Not being guilty or accused of any offences that may render the integrity and honesty of the member in doubt in the immediate past three years; and
- g. Not being subject to any disciplinary action by the HKIS in the immediate past three years.

3. Administration

(a) Formulation of the List

Letters will be sent to all GP members to invite application for enrolment in the List. Tentatively, such letters are scheduled to be sent in November 2004. Members will have two months, ending 31 December 2004, to submit applications to the Institute. Further to these "first batch applications", applications for enrolment in the List will be open all year round but applicants should be aware that there will only be two rounds of vetting per annum. Application forms will be made available at the HKIS office. Deadlines will be set for 31st May and 30th November each year. Applications made before 31st May and 30th November will be eligible for vetting in June and December in the same year respectively. There will be a notice posted on the HKIS web site, at such time as determined appropriate by the GPD Council, informing Members of the application procedures and the vetting months.

Applicants will receive a letter advising whether their applications have been successful within one month of the vetting. Successful applicants will have their names enrolled in the List while unsuccessful applicants will have the right to appeal to the Review Panel.

The List is scheduled to be effective from 1 March 2005.

(b) Maintenance of the List

New applications will be processed in June and December every year. The List will also be reviewed and revised (when necessary) biannually at the same time.

The Valuation Practice Panel will be responsible for supporting the administration of the List, copies of which will be provided to and updated with the HKEx and SFC. In addition, similar to the list of HKIS Members, the List will also be made available to the public via the HKIS web site.

(c) Removal from the List

The Vetting Panel will consider whether the name of a Member is no longer appropriate to be maintained on the List at any time in the event that such Member is:

- (i) guilty or accused of any offences that may render the integrity and honesty of the Member in doubt; and/or
- (ii) subject to any disciplinary action by the HKIS.

Any such Member whose name is to be removed from the List will be advised thereof in writing, and have a month from the date of such letter to request in writing, for an appeal to the Review Panel. The name of the Member will officially be removed from the List if the Review Panel receives no request for an appeal at the end of the said one-month.

Furthermore, a Member may also apply for delisting voluntarily at any time.

(d) Appeal

The Review Panel shall decide any appeal against the decision of the Vetting Panel. The decisions of the Review Panel shall be final.

Appellants are entitled to submit to the Review Panel such written information and documents as they consider fit in supporting their appeals, but may not attend or be represented in any meetings of the Review Panel. Unless with sound reasons, such information and documents should be submitted together with the request for appeal.

Upon receipt of an Appeal, the Review Panel should meet for a determination, so that the appellant may receive the final decision within 3 months from the date of his appeal submission. If for whatever reasons the Review Panel considers that additional time is required for a determination to be reached, the appellant will be advised of the decision in writing, as well as the additional time required, before the expiry of the said 3 months.

(e) Vetting Panel

The Vetting Panel shall comprise not less than six members to be nominated by the GPD Council. It will be responsible for vetting all applications for listing on the List, as well as for considering the appropriateness of a Member to be removed from the List.

Any decision of the Vetting Panel shall be made by meetings of such panel to be attended by at least three members. Members who fail to attend the meetings shall have no right to vote on matters discussed in the meetings.

The first term of office of the Vetting Panel shall expire on 31 December 2005 and subsequent terms shall last for two years expiring on 31 December of every alternate year.

The first meeting of the Vetting Panel will be in January 2005. There are two regular meetings to be held every year to carry out its function under 3(b) (above) in June and December. Any alterations (e.g. unable to fix a meeting date with members) will be posted on the HKIS web site. Furthermore, the Vetting Panel may also schedule ad hoc meetings to carry out its function under 3(c) (above).

(f) Review Panel

The Review Panel shall comprise the following members: -

- (i) The HKIS President;
- (ii) The GPD Council Chairman;
- (iii) One HKIS member nominated by the GPD Council; and
- (iv) Two members who are full members of two other professional bodies (but NOT of the HKIS), nominated by the GPD Council.

The Review Panel is responsible for considering the appeals launched either

- (i) By a Member whose application for enrolling on the List is unsuccessful;
or
- (ii) By a Member whose name is deemed appropriate to be removed from the List.

The Review Panel meets on an irregular basis, only when appeals are received, but will be advised of and will observe the dates of the meetings held by the Vetting Panel, when appeals are likely to occur. Any decision of the Review Panel shall be made by meetings of such a panel attended by at least three members, at least one of whom shall be member(s) of other professional bodies. Members who fail to attend the meetings will have no right to vote on matters discussed in the meetings.

Appellants will be advised of the decisions made by the Review Panel in writing.

The first term of office of the Review Panel will expire on 31 December 2005 and subsequent terms will last for two years expiring on 31 December of every alternate year.

General Practice Divisional Council 2003 - 2005
The Hong Kong Institute of Surveyors