

Re: Mandatory Valuation Standards

This Council wish to draw your attention that our Standards - the HKIS Valuation Standards on Properties (First Edition 2005) and the HKIS Valuation Standards on Trade-related Business Asset and Business enterprises (First Edition 2004) are **MANDATORY** standards and if the Standards are not followed, and the Members' actions are called into question, they will be asked to justify the steps they took, and this may be taken into account in any subsequent disciplinary action.

This Council recently noted that a newspaper reported a statement from an appraisal firm which stated that there exist no standards nor any monitoring system in respect of business valuation in Hong Kong. While we should continue to promote our Standards to the public, this Council have great concern over Members' unawareness of the Standards. Our Valuation and Standards Panel, the Business Valuation Panel as well as the Disciplinary and Ethic Panel have in the past months answering queries from the public, including Hong Kong Exchanges and Clearing Limited ("HKEx") and Securities and Futures Commission ("SFC"), and relevant Members were called for explanations of the steps in their valuation.

We have written to the appraisal firm which appears to be a firm on our GP firm list to confirm that our members in the firm are in senior positions to ensure the implementation of the Standards.

The professional status of our Institute relies on your support in achieving the highest standards of professionalism, integrity, clarity, reliability and impartiality, and the valuation reports being prepared must be in accordance with our recognized bases.