

中国资产评估协会

China Appraisal Society

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Dear Sir,

Thank you for the opportunity to comment on the Exposure Draft Revised GN4 and Exposure Draft GN16.

Our response is in two parts—responses about GN 4 and GN 16. In each part, we provide answers to the questions posed in the exposure draft before making additional comments.

Part One Responses about GN 4

Responses to the questions about GN 4

1. Are further definitions necessary to explain terms that are used in this draft?

No. We think that further definitions are unnecessary for terms that are already defined in other parts of the IVS.

2. Whether the categorization of IA is important because it helps valuers identify assets that have similar characteristics and for which similar valuation approaches may be adopted, or whether it is simply a convenient way of describing the different types of asset that exist?

Yes. The categorization of IA is very important and of guidance for valuers in practice.

3. Are the major valuation methods in use for the valuation of intangible assets all included?

N/A

4. Opinions on the degree of detail in GN 4.

The degree of detail is a controversial issue and often puzzles us during setting

the China's valuation standards. The CAS believes that Guidance Note could provide certain provisions in detail. However, too many compulsive provisions are not necessary.

5. Questions about Selection of Valuation Methods.

In theory, it is preferable to use multiple methods. However, multiple methods are rarely used in one valuation engagement in China. We agree with IVSC to advocate the use of multiple valuation methods in GN4. However, we believe that while valuers consider one method is proper, it is not necessary to cross check using another method. We could "encourage" but not "require" valuers to cross check the result of the primary method using another method.

Additional Comments

6. "pledge of intangible assets" could be listed as one purpose in paragraph 1.3.
7. The issue about the TAB in paragraph 4.22-24. Because different valuation engagements might have different considerations on TAB, we suggest deleting related provisions on TAB in order to avoid confusions.
8. The example in paragraph 4.33 is too simple. We suggest to putting related cases as appendix of the GN.
9. About the paragraph 5.15, we suggest to considering more differentiating characteristics of the assets, such as the ability for gaining profits and competitiveness.
10. "6.6" on page 29 should be "6.10". "Careful judgement is required to decide how much weight to give to each method if they result in different conclusions." We suggest listing the requirements on the basic judgement.

Part Two Responses about GN 16

Responses to the questions about GN 16

1. Is further explanation of the characteristics of identical, similar and different intangible assets required?

Yes. Further explanation will help valuers identifying the comparable transactions while using the market approach. Thus, we support to have further explanation.

2. Is it necessary for IVS to explore and define what is meant by a "market"

and by sub descriptions such as “active”, “inactive”, “accessible”, etc?

No. We think that these terms have been sufficiently explained in IFRSs.

3. Does this guidance contain sufficient reference to IFRSs?

Yes. We think this guidance has sufficient and clear references to IFRSs. No more background is required.

Additional Comments

N/A

We hope these comments are useful to you. If you wish to discuss any of them, please feel free to contact the China Appraisal Society—Shirley_sun@cas.org.cn

Yours sincerely,

China Appraisal Society