

Our ref. : BV28443a/LTR/JUN19/ken
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The International Valuation Standards Council (IVSC)

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Dear Sirs,

RE: Response to consultation paper

RHL Appraisal Limited is pleased to participate and respond to the invitation from IVSC in commenting the IVS 2017 Additional Technical Revisions Exposure Draft dated 28 March 2019.

As a practitioner in the valuation market, we welcome IVSC in actively updating respective standards to be in par with the current market in different countries with their own distinctive laws and regulations.

Since the majority of valuation work is derive and in support of commercial transactions which have become quite complicated in recent decades, we appreciate that clear guideline or practice note are provide from IVS. Below are some of points of interest we observe:

Q6. No, we are of the view that the original wording "may require consideration, investigation" shall be maintain. This is because whilst it is open to a wider interpretation, the level to "considered, investigated and/or corroborated" is itself unclear and should be enforce (i.e. should instead of may) unless it comes with clear guideline and appreciation of different situation on the many countries adopting IVS. For example if the valuer need to rely on a legal opinion from a lawyer on the ownership of land which is a key asset in the business to valuate. What level of work by valuer to verify is required? Is a name card identifying the legal opinion is from a "lawyer X of law firm X" adequate? Or should the valuer undergo detail check in the law association to see if such law firm exist or is credible? Whilst in some of the countries verification is easily available and can be conduct via web, a lot of countries still have limited access and difficulties to conduct such check. Further while the increasing level of verification should be welcome by the valuation trade as it protect and improve the quality of inputs from management, this require full acknowledgement and cooperation from the management/owner. The increase in time and economic cost incur may not

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be appreciate from their perspective, and in most instance it requires statutory changes (such as accounting standards, listing rules for public companies) to move forward. Hence i) further detail example/guideline is needed on the definition and requirement for the verification (considered, investigated and/or corroborated), whether it is at the IVS level or the regional/country valuation association level and ii) very likely require other statutory requirement to support.

Q9. Not, we consider that a business entity may incur some particular situation or competitive advantage or synergy, which is an intangible asset, it may not easily to identified and separately quantify in the measurement of fair value basis. Furthermore, the separation of the purchase price in financial statement is for accounting use.

Should you have any questions on the above suggestion, please do not hesitate to contact us.

Yours faithfully,
RHL Appraisal Limited