

Chapter 8

VALUATION OF AND INFORMATION ON PROPERTIES

Definitions

8.01 In this Chapter:-

- (1) "carrying amount" means, for an applicant, the amount at which an asset is recognised in the most recent audited consolidated balance sheet of the group as disclosed in the listing document after deducting any accumulated depreciation (amortisation) and accumulated impairment losses. For an issuer, the amount at which an asset is recognised in its latest published audited consolidated accounts or latest published interim report (whichever is more recent) after deducting any accumulated depreciation (amortisation) and accumulated impairment losses;

Note: If an acquisition is made after the latest consolidated audited accounts, the acquisition cost should be used.

- (2) "property activities" mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. It does not include holding of properties for own use;

Notes: 1 Any other property interest is classified as "non-property activities."

2 The listing document date must be used as the timing reference point to categorise a property interest into property activity or non-property activity.

- (3) "property" means land and/or buildings (completed or construction in progress). Building includes fittings and fixtures. "Property interest" means an interest in the property;

Note: Fittings and fixtures include building services installation such as plumbing and pipes, electrical instalments, ventilation systems, escalators and improvements generally. Equipment and machinery used for production should be excluded.

A property interest may comprise:

- (1) one or more units in the same building or complex;*
- (2) one or more properties located at the same address or lot number;*
- (3) one or more properties comprising an integrated facility;*
- (4) one or more properties, structures or facilities comprising a property development project (even if there are different phases);*
- (5) one or more properties held for investment within one complex;*
- (6) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/ business purposes; or*

(7) *a project or phases of development presented to the public as one whole project or forming a single operating entity.*

- (4) “total assets” means, for an applicant, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in the latest audited consolidated financial statements in the accountants’ report in the listing document. For an issuer, total assets has the same meaning as in Chapter 19.

Requirements for an applicant

8.01A A listing document issued by an applicant must include valuations of and information on property interests:

- (1) that form part of its (or, for debt securities, the guarantor’s) property activities except for those with a carrying amount below 1% of its total assets. The total carrying amount of property interests not valued must not exceed 10% of its total assets; and
- (2) that do not form part of its (or, for debt securities, the guarantor’s) property activities if the carrying amount of a property interest is or is above 15% of its total assets.

8.01B The listing document must include:

- (1) for property interests of an applicant’s property activities:
 - (a) the full text of valuation reports of property interests that are required to be valued except where summary disclosure is allowed; and
 - (b) a summary disclosure if the market value of a property interest as determined by the valuer is less than 5% of its total property interests that are required to be valued under rule 8.01A(1). See Appendix 19 for the summary form of disclosure. The Exchange may accept variation of the summary form of disclosure based on the applicant’s circumstances. The valuation report setting out the information required by these Rules must be available for public inspection;

Note: The summary form of disclosure may be varied based on the applicant’s circumstances. An applicant must include additional information necessary for investors to make an informed decision.

- (2) for property interests of an applicant’s non-property activities:
 - (a) the full text of valuation reports if the carrying amount of a property interest is or is above 15% of its total assets; and
 - (b) a statement that, except for the property interests in the valuation reports, no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of total assets;
- (3) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the listing document; and
- (4) the general information in rule 8.36, if it applies.

8.01C Rules 8.01A and 8.01B (except rules 8.01B(3) and 8.01B(4)) do not apply to property interests ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18A) if the listing document includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18A).

Note: Rules 8.01A(2) and 8.01B(2) to (4) apply to property interests ancillary to the exploration for and/or extraction of Natural Resources if the listing document does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.

Requirements for an issuer

8.02 For an acquisition or disposal of any property interest, or of a company whose assets consist solely or mainly of property, where any of the percentage ratios (as defined in rule 19.04(9)) of the transaction is or is above 25%, then a valuation of and information on the property must be included in the circular issued to shareholders in connection with the acquisition or disposal (see rule 19.66(12)), unless rule 8.02A applies.

Note: In this rule and in rule 8.03, a circular issued "in connection with an acquisition" includes a listing document issued for a rights issue, the proceeds of which are to be used to retire a debt with which the property or company had previously been acquired but the listing document need not contain a valuation report if a circular containing such a valuation report was issued to shareholders when the property or company was acquired.

8.02A Valuation of a property interest is not required if:

- (1) it is acquired from the Hong Kong Government (or, at the discretion of the Exchange, a body related to the Hong Kong Government) at a public auction or by sealed tender; or
- (2) the property is acquired under a Qualified Property Acquisition (as defined in rule 19.04(10C)) falling under rules 19.33A to 19.33B; or
- (3) the company being acquired or disposed of is listed on the Exchange, except if it is a connected transaction; or
- (4) subject to rule 8.03, the property interests in the company being acquired or disposed of is ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18A) and the circular includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18A); or

Note: Rule 8.02 applies to property interests ancillary to the exploration for and/or extraction of Natural Resources if the circular does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.

- (5) subject to rule 8.03, the carrying amount of a property interest in the company being acquired or disposed of is below 1% of the issuer's total assets. The total carrying amount of property interests not valued must not exceed 10% of the issuer's total assets.

8.02B Subject to rule 8.03, the circular issued under rule 8.02 must include:

- (1) for a property interest, the full text of valuation reports;
 - (2) for an unlisted company whose assets consist solely or mainly of property:
 - (a) the full text of valuation reports of property interests that are required to be valued under rule 8.02 except where summary disclosure is allowed; and
 - (b) summary disclosure if the value of a property interest as determined by the valuer is less than 5% of the total property interests that are required to be valued under rule 8.02. See Appendix 19 for the summary form of disclosure. The Exchange may accept variation of the summary form of disclosure based on the issuer's circumstances. The valuer's report setting out the information required by these Rules must be available for public inspection; and

Note: The summary form of disclosure may be varied based on the issuer's circumstances. An issuer must include additional information necessary for investors to make an informed decision.

 - (c) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the circular;
- (3) for a company listed on the Exchange whose assets consist solely or mainly of property, an overview of property interests, including their number and approximate size range, uses, how they are held and the general description of the area where they are located; and
 - (4) the general information in rule 8.36, if it applies.

8.03 For a connected transaction involving an acquisition or a disposal of any property interest or a company whose assets consist solely or mainly of property (including a company listed on the Exchange), a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 20.68(7)). The circular must include full text of valuation reports and the general information in rule 8.36, if it applies.

8.03A [Repealed 1 January 2012]

Valuation report requirements

Basic contents

8.04 All valuation reports must contain all material details of the basis of valuation which, in the case of properties situated in Hong Kong, must follow The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties published from time to time by the HKIS or the International Valuation Standards published from time to time by the International Valuation Standards Council .

8.05 All valuation reports should normally contain the following information:—

- (1) a description of each property including:—
 - (a) an address sufficient to identify the property, which should generally include postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
 - (b) a brief description (e.g. whether land or building, approximate area, etc.);
 - (c) the existing use (e.g. shops, offices, factories, residential, etc.);
 - (d) the Ground/Government Rent;
 - (e) a summary of the terms of tenancies, leases or underleases (including repairing obligations, where material):—
 - (i) pursuant to which the issuer holds properties from the government or superior landlords; and/or
 - (ii) pursuant to which the issuer rents or leases properties to tenants or lessees;
 - (f) the approximate age of buildings;
 - (g) the terms of tenure;
 - (h) the terms of any intra-group lease granted by a parent company to a subsidiary on property occupied by the group (identifying the properties) (if any);
 - (i) the capital value in existing state at the effective date as at which the property was valued;
 - (j) the current planning or zoning use;
 - (k) the options or rights of pre-emption concerning or affecting the property (if any);
 - (l) the basis of and approach to valuation for the property interest;
 - (m) when the site was last inspected;
 - (n) summary of investigation carried out, including details of inspection, such as building conditions, availability of building services, etc.;
 - (o) nature and source of information relied on;
 - (p) details of title and ownership;
 - (q) details of encumbrances;
 - (r) how the properties are grouped together for each valuation certificate;
 - (s) names and qualifications of persons who carried out the site inspection; and
 - (t) any other matters which may materially affect the value;

- (2) without prejudice to the generality of sub-clause 1(e) above, where the property is rented or leased by the issuer to tenants or lessees, details of the rentals, including:—
- (a) the existing monthly rental before tax if the property is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rental obtainable, on the basis that the property was available to let on the effective date as at which the property was valued;
 - (b) a summary of any rent review provisions, where material; and
 - (c) the amount of vacant space, where material;
- (3) where the property is in the process of being developed, the following details in addition to those specified in sub-paragraph 1 above, where available:—
- (a) details of development potential and whether building plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;
 - (b) any material restrictions on development including building covenants and time limits for completion of the development;
 - (c) existing stage of development;
 - (d) estimated completion date;
 - (e) estimated cost of carrying out the development or (where part of the development has already been carried out) the estimated cost of completing the development;
 - (f) estimated capital value after completion;
 - (g) any material special or general conditions affecting the development of the property;
 - (h) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;
 - (i) any sales arrangements and/or letting arrangements existing at the effective date as at which the property was valued; and
 - (j) any construction costs incurred up to the effective date as at which the property was valued;
- (4) where property is held for future development purposes, the following details in addition to those specified in sub-paragraph 1 above, where available:—
- (a) details of development potential and whether building plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;
 - (b) any material special or general conditions affecting the development of the property including building covenants and time limits for completion of the development; and

- (c) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;
- (5) a classification of the property according to the purpose for which it is held. The acceptable categories are:—
 - (a) property held for development;
 - (b) property held for investment;
 - (c) property held for owner occupation; and
 - (d) property held for sale;
- (6) details of any agreement or proposals as to any proposed transaction regarding the property between the issuer and any other member of the group;
- (7) the name of the valuer, his address and professional qualification;
- (8) the effective date as at which the property was valued and the date of the valuation; and
- (9) such other information as the Exchange may require.

8.06 [Repealed 1 January 2012]

8.07 [Repealed 1 January 2012]

8.08 [Repealed 1 January 2012]

Disclosure of legal opinion to valuer

- 8.09 In all cases where a legal opinion is required under the GEM Listing Rules (or is otherwise obtained by the issuer) in connection with the title to a property, such opinion together, so far as practicable, with copies of any document referred to therein should be made available to the valuer carrying out any valuation in respect of the property, prior to the completion of the valuation report, and the valuer shall explain whether and if so how he has taken account of the content of such opinion in the valuation of the property.

Valuations of properties situated outside Hong Kong

Additional provisions

- 8.10 In the case of valuation reports in respect of properties situated outside Hong Kong, the Exchange reserves the right to impose additional or different conditions to those specified in rules 8.04 to 8.09.
- 8.11 Without prejudice to the generality of rule 8.10, rules 8.12 to 8.19 apply to properties situated in the PRC and rules 8.20 to 8.29 apply to properties situated outside Hong Kong (including those situated in the PRC).

Specific provisions with respect to PRC properties

- 8.12 The valuation report of property located in the PRC must clearly state the nature of the interest being valued. The report must also specify any material conditions or information regarding title and other relevant matters contained in the legal opinion relating to the property.

Note: In particular, the valuation report must clearly state whether the valuation is of a vested legal title or of a right to acquire a vested legal title to the relevant property or, for example, only right to occupy the property for a fixed period or to enjoy rent or other income arising from the property.

- 8.13 With respect to PRC properties:—

- (1) a long-term title certificate will be treated as the operative equivalent to the Hong Kong legal concept of vested title to the relevant property. The new applicant or listed issuer should confirm, with the benefit of a PRC legal opinion from a firm authorised by an appropriate authority in the PRC to advise in relation to listed companies, whether a long-term title certificate has been obtained by the relevant party in respect of the relevant property. The Exchange may require production of the title certificate and may require that it be made available for inspection; or

Note: For the purposes of this rule and the other relevant provisions of this Chapter, the Exchange has a discretion to decide on whether or not any title certificate constitutes a “long term” title certificate under this rule.

- (2) in respect of a grant of land by a government land administration bureau in the PRC or with respect to a transfer of land use rights where the issue of a title certificate is pending, a properly approved land grant or land transfer contract in writing accompanied by a PRC legal opinion (as described in sub-paragraph (1) above) as to the validity of the approval may, in the case only of a listed issuer, be acceptable as evidence of a transferee’s pending title to the land to be granted or transferred. The Exchange may require production of the approved contract and may require that it be made available for inspection.

- 8.14 Where property located in the PRC is held or being acquired for development and where the residual method is used as the primary basis for the valuation (see rule 8.24), the relevant party should obtain an acceptable PRC legal opinion (as described in rule 8.13(1)) which describes all consents, permits and regulations which need to be obtained or satisfied in respect of the development, or proposed development upon which any valuation is based. Such opinion should confirm whether and to what extent consent has been obtained for the proposed development and all such information should be included in the valuation report and in the relevant document.

- 8.15 In respect of PRC properties where long-term title certificates are not obtained by a new applicant or a listed issuer, any property revaluation surplus arising from those PRC properties must be excluded from all annual reports, accounts and other financial statements of the issuer and from the net tangible asset statement in any listing document or circular of the issuer.

- 8.16 Where the consideration for the grant of any long-term title certificate involves any obligation on the issuer to resettle or pay compensation to any occupier or former occupier of property forming the subject of the certificate or to any other persons or any obligation to construct or pay the costs of construction of public facilities, the valuation report must disclose details of any such obligation, to the extent that the same remains outstanding, and indicate, where relevant, its effect on the value of and title to the property.

Note: If there is an outstanding obligation on the part of the issuer to transfer part of any property under development to the original occupier or other persons free of any payment, this matter must be disclosed and the valuer should confirm whether, in arriving at the value of the property, he has taken the same into account.

- 8.17 Except for companies with infrastructure projects accepted by the Exchange under rule 11.14(1) or otherwise, where the new applicant has interests in a joint venture company whose income stream is derived from a PRC property but the long-term title certificate for such property is not obtained by the joint venture company, no business valuation on the applicant's interests in the joint venture company may be included in the listing document.

Joint venture interests in PRC properties

- 8.18 In the case of PRC property held by any joint venture entity or pursuant to some other form of joint arrangement, the legal opinions referred to in rules 8.13 and 8.14 should include a description of the significant terms of the joint venture, including a description of the equity and profit sharing arrangements of the parties. In addition, the opinion should state whether the joint venture entity has obtained all necessary licences to operate in the location where the property is situated. A summary of the content of such opinion should also be disclosed in any valuation report and in the relevant document.

- 8.19 Where a new applicant or listed issuer has or is proposing to acquire an interest in a joint venture entity, which, in turn, has or is proposing to acquire an interest in a property situated in the PRC, and where the property is beneficially owned or retained by one of the parties to the joint venture and does not vest in the joint venture entity itself, and where the new applicant or listed issuer has or is intending to acquire some right to occupy the property from the relevant party to the joint venture or to enjoy income or profit therefrom, then the legal opinions referred to in rules 8.13 and 8.14 should also confirm:—

- (1) the exact nature of the interest in the joint venture entity which the new applicant or the listed issuer has or is proposing to acquire;
- (2) whether the terms of any joint venture agreement provide for the transfer of the legal title to the property to the joint venture entity and the status of such transfer;
- (3) whether the right which the new applicant or the listed issuer has or is intending to acquire is capable, as a matter of PRC law, of being granted by the party in whom legal title to the property is vested;
- (4) whether and to what extent the right acquired or to be acquired is enforceable in the PRC and whether it will be freely transferable by the new applicant or the listed issuer to any third party; and
- (5) whether all relevant regulatory approvals have been obtained.

Contents of valuation report

- 8.20 Where the relevant property has been valued on an open market basis, but such valuation is not by reference to comparable market transactions, the valuer may be required to discuss and disclose in the valuation report the assumptions underlying the open market valuation method in the context of the market in which the property is situated. Valuers may be asked to justify the assumptions they have made in the valuation report particularly where local market conditions or legal circumstances may differ greatly from those in Hong Kong.

8.21 Where the property the subject of the valuation report has been valued on an open market basis and by reference to the residual method, the valuation report should:

- (1) state this fact;
- (2) describe the valuation method used together with a brief description of that method in simple language;
- (3) provide a statement showing:—
 - (a) gross development value of the various components in the proposed development with an explanation of any comparables used and the adjustments made to arrive at the figure for gross development value;
 - (b) construction costs based on the report of a properly qualified quantity surveyor as referred to in rule 8.23;
 - (c) all fees charged or to be charged;
 - (d) interest charges;
 - (e) developer's profit; and
 - (f) any other component or comparable figure used in the residual method; and
- (4) describe the assumed development potential for the relevant property, including relevant plot ratios. Any approval or any indication from any competent authority which differs from the development potential or plot ratios assumed by the valuer should be set out in the valuation report. If no relevant approval has been obtained from a competent authority the valuer should state the source of and the basis of the assumptions used.

Income or profit method of valuation

8.22 Where relevant property (or part thereof) has been valued through use of the profit or income method of valuation, the valuation report should in addition state the assumptions upon which this method is based and whether there is any comparable market evidence, for example, in the case of a hotel, of room rates and occupancy levels in the same or similar location to the relevant property.

Valuation by residual method

8.23 Where the valuation figure is derived through use of the residual method, the new applicant and/or listed issuer should, in addition to obtaining the valuation report, instruct a professionally qualified quantity surveyor acceptable to the Exchange to verify the estimated costs of carrying out the development. The report of the quantity surveyor should be included together with the valuation report.

8.24 Where valuations are required under Chapter 8 of these Rules and where the primary method for valuing a property is the residual method, the Exchange may require the directors of the issuer or, in the case of a connected transaction, the independent directors, to include a statement in a prominent position in the relevant document with respect to the valuation of any property held for investment, development, future development and sale. In such statement the directors/the independent directors must :—

- (1) critically discuss and assess the assumptions made by the valuer as disclosed in the valuation report for the aforesaid categories of property and the material effect that any variation of those assumptions may have on the valuation figure;
- (2) critically discuss the effect of any material conditions affecting the status of the legal title to any such property as disclosed in any legal opinion obtained in respect of such property;
- (3) describe in the case of property in the process of being developed or held for future development, and where the valuation is based on the expected sale value of the completed development, the exact stage at which any proposed development has reached; and
- (4) describe all known relevant local taxes which may be charged in respect of any proposed property development project and explain how such taxes could affect the calculation of developer's profit contained in any calculation pursuant to the residual method, and the consequent effect on any valuation figure.

8.25 Where the residual method is used, the valuation report should include a general warning statement in substantially the following form:

"Warning statement

The valuation arrived at has not been determined by reference to comparable market transactions which is the most reliable method for valuing property assets and the most common method used for valuing properties in Hong Kong. In contrast, because of the lack of comparable market transactions in the locality in which the subject property is situated, this valuation has used the residual method which is generally acknowledged as being a less reliable valuation method. The residual method is essentially a means of valuing land by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. It relies upon a series of assumptions made by the valuer which produce an arithmetical calculation of the expected current sale value as at [date] of a property being developed or held for development or redevelopment. Where the property is located in a relatively under-developed market such as [place] those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While the valuer has exercised its professional judgement in arriving at the value, investors are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report."

Note: Where property assets represent or will represent substantially the whole or a majority of the assets of the new applicant or listed issuer and certain or all of those assets have been valued through use of the residual method, the warning statement set out in this rule must also appear or be referred to in the "Risk Factors" section of the relevant document.

Accountancy treatment

8.26 In all cases where a valuation report is required, the Exchange may also require the directors to describe the accounting treatment to be adopted in respect of any property assets situated outside Hong Kong.

Notifiable transactions

- 8.27 Where in any transaction which falls within rule 19.06, the relevant party intends to contribute capital or to contribute to or become liable for all or part of the cost of development of any property project or development, or to any company or venture involved in any development project, then the Exchange:
- (1) may require further disclosure of how such capital contribution or development costs have been derived;
 - (2) may require an independent valuation report, even if such report is not expressly required under Chapter 8; and
 - (3) may consider taking account of such capital or cost contributions when considering whether the transaction falls within any of the categories of notifiable transactions referred to in rule 19.06.

Connected transactions

- 8.28 In the case of connected transactions, where the valuer has relied upon information supplied by a connected person this should be clearly stated in the valuation report and the extent to which the valuer has independently verified this information should be set out prominently in the relevant document.

Date and cost of original acquisition

- 8.29 Where the property the subject of the valuation has been acquired within 5 years of the date of valuation, the new applicant or the listed issuer should supply to the valuer for inclusion in his report the relevant date and cost of acquisition and the total costs expended on the property, which should be included alongside the current valuation figure.

Effective date

- 8.30 The effective date as at which the property was valued must not be more than three months before the date on which the relative listing document or circular is issued and if such effective date is not the same as the end of the last period reported on by the reporting accountants (see Chapter 7), it will be necessary for the listing document or circular to include a statement reconciling the valuation figure with the figure included in the balance sheet as at the end of that period.

Independence of valuer

- 8.31 Unless dispensation is obtained from the Exchange, all valuations of properties must be prepared by an independent qualified valuer. (See rule 8.32 concerning qualifications). For this purpose, a valuer is not independent if:—
- (1) he is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any affiliated company; or
 - (2) in the case of a firm or company of valuers, it is the issuer's subsidiary or holding company or a subsidiary of the issuer's holding company or any of its partners, directors or officers is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any affiliated company.

Qualifications of valuer

8.32 A valuer is a qualified valuer only if:—

- (1) for the purpose of valuing properties situated in Hong Kong, the valuer is a fellow or associate member of The Hong Kong Institute of Surveyors and carries on the business in Hong Kong of valuing properties and is authorised to do so by the rules of that body; and
- (2) for the purpose of valuing properties situated outside Hong Kong, the valuer has the appropriate professional qualifications and experience. This, he will normally be regarded as having if he is subject to the discipline of The Hong Kong Institute of Surveyors or The Royal Institution of Chartered Surveyors or a professional body of similar standing to such bodies and has a minimum of 2 years' experience in valuing properties in the relevant location or has relevant experience.

8.33 The professional qualifications of the valuer and, where properties situated outside Hong Kong have been valued, his experience in valuing properties within the relevant location (and, where the valuation is made on behalf of a valuation company, his experience with the company) should be disclosed in the valuation report.

Other valuation reports

8.34 If the issuer has obtained more than one valuation report regarding any of the issuer's properties referred to in the listing document or circular within three months before the issue of the listing document or circular, then all other such reports must be included.

Exchange rates

8.35 Where any figures or calculations included in the valuation report rely on exchange rates, the rate used and relevant date should be stated. Where there has been a fluctuation in exchange rates between the date of the valuation and the date of the listing document or circular to shareholders, this fact together with the effect of the fluctuation on the valuation in the valuation report should be set out.

General disclosure

8.36 A listing document, or a circular issued under rules 8.02 and 8.03, must disclose relevant information on material properties (including leased properties).

Notes: Information may include the following:

- (1) *a general description of where the property is located (rather than only its address) and some market analysis if the property relates to property activities. For example, whether the property is located in the central business district, supply and demand information, occupancy rates, trends in property yield, sales prices, rental rates etc.;*
- (2) *use and approximate area;*
- (3) *any restrictions on its use;*
- (4) *an indication of how the property is held. For example, owned or leased. If leased, the remaining term of the lease;*

- (5) *details of encumbrances, liens, pledges, mortgages against the property;*
- (6) *environmental issues, such as breach of environmental regulations;*
- (7) *details of investigations, notices, pending litigation, breaches of law or title defects;*
- (8) *plans for construction, renovation, improvement or development of the property and estimated associated costs;*
- (9) *plans to dispose of or change the use of the property; and*
- (10) *any other information considered material for investors.*