

KIRKLAND & ELLIS
凱易律師事務所

26th Floor, Gloucester Tower
 The Landmark
 15 Queen's Road Central
 Hong Kong

Telephone: +852 3761 3300

www.kirkland.com

Facsimile:
 +852 3761 3301

December 6, 2011

The Hon James To Kun-sun
 Chairman of the Subcommittee on Companies Ordinance
 (Exemption of Companies and Prospectuses from
 Compliance with Provisions)
 (Amendment) Notice 2011
 Legislative Council Complex
 1, Legislative Council Road
 Central, Hong Kong

Dear Mr. Chairman:

**Re: Companies Ordinance (Exemption of Companies and Prospectuses from
 Compliance with Provisions) (Amendment) Notice 2011 relating to proposed
 changes to property valuation requirements**

We are writing on behalf of the financial institutions and law firms listed in Appendix 1 to this letter (the "Respondents"). The Respondents are market practitioners who are actively involved in the Hong Kong capital markets.

Our understanding is that the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) (Amendment) Notice 2011 (the "Class Exemption Notice") implements the proposals in the Joint Consultation Conclusions on Proposed Changes to Property Valuation Requirements (the "Conclusions"), which are intended to streamline requirements for property valuation disclosure in prospectuses and circulars and, on the whole, reflect the collective views of the majority of the respondents to the consultation. The initial proposals were presented in December 2010 and the Respondents welcome the implementation of the final conclusions. We understand that the Class Exemption Notice is currently subject to negative vetting by the Legislative Council, and once that process is completed, the Class Exemption Notice as well as the relevant amendments to the Listing Rules, which have been published, will become effective.

Partners:	Justin M. Dolling Dominic W.L. Tsun	David Patrick Eich Li Chien Wong	Douglas S. Murning David Yun	Nicholas A. Norris	John A. Otoshi			
Chicago	London	Los Angeles	Munich	New York	Palo Alto	San Francisco	Shanghai	Washington, D.C.

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On behalf of the Respondents, we would like to reiterate our support for the Class Exemption Notice and the Conclusions. Timely implementation of the proposals would be beneficial and necessary for the following reasons:

(1) Enhance competitiveness of the HKSE as an international listing venue

The Conclusions set out property valuation requirements for listing equity securities in the US, PRC, Australia, UK and Singapore. In summary:

- (i) in US, PRC and Australia, property valuations are not required for listing equity securities; and
- (ii) in the UK and Singapore, property valuations are only required for applicants engaged in property investment or development.

The Respondents believe that the Class Exemption Notice, which applies valuation and disclosure requirements to material property interests only, would enhance the competitiveness of the HKSE as an international listing venue, bringing it in line with the requirements of other major global financial centers while maintaining the quality and integrity of the Hong Kong securities market. As the Hong Kong securities market matures and begins to attract more international issuers from a wide range of business sectors, it is important that it avoids having listing requirements that add time and expense to the listing process but provide little marginal benefit to assist regulators in vetting the suitability of the listing candidates or assist investors in making their investment decisions.

(2) Avoid unnecessary time and costs and remove undue burden on listing applicants and issuers

Under the current legislation, an applicant seeking a listing in Hong Kong must obtain an independent valuation of all of its property interests (including freehold and leasehold interests) and include the valuation report in its listing document. However, such requirements may be unnecessarily costly, time consuming and unduly burdensome in various situations, particularly where: (i) an applicant has numerous property interests, not all of which are material to its business, (ii) property development and investment are not the applicant's core business (e.g., the property interests of an applicant engaged in manufacturing will include its factories which are not intended for sale or development), (iii) an applicant has property interests in remote areas that are not germane to the listing applicant's business or operations, or (iv) an applicant has numerous operating leases which have no material value. A review of the prospectuses of the 64 companies listed on the Main Board of the HKSE in 2009 showed that all properties under operating leases were valued at zero.

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The Respondents also believe that requiring disclosure of only material property interests in listing documents or circulars can help reduce unnecessary wastage of paper on printing information that is of no material value to investors and that this would be consistent with the SFC's and HKSE's long-term commitment to encourage environmental responsibility. The market's interests will nevertheless continue to be fully protected by the explicit obligation to conduct a property valuation and make appropriate disclosure of that valuation in the circumstances identified in the Class Exemption Notice where it is reasonable to make a presumption that such information will be material, and by the overriding obligation of an issuer to have to address its mind to whether it has included all information which is material in the circumstances.

(3) Improve the presentation of information to investors

In addition to streamlining the process and making it more cost-effective for listing applicants and issuers, the proposals will ultimately lead to having disclosure in listing documents and circulars presented in a more focused manner, thereby ensuring that investors receive information presented in a meaningful way. The Respondents believe that disclosing valuation reports for all property interests may result in pertinent information regarding material property interests being buried and not being readily apparent to investors or shareholders reading the listing documents or circulars. Therefore, the proposals are beneficial to investors as it would improve the presentation and focus of the information provided to them.

Based on the foregoing, the Respondents are of the view that the Class Exemption Notice and the general disclosure obligation, taken as a whole, would not only benefit applicants and investors, but also bolster Hong Kong's competitiveness as an international listing venue in the long term. As such, the Respondents strongly support its implementation as soon as practicable.

Should you have any questions, please do not hesitate to contact Dominic Tsun at 3761 3555 or Li-Chien Wong at 3761 3516.

Yours sincerely,



Kirkland & Ellis

c.c. Hon WONG Ting-kwong, BBS, JP
Hon CHIM Pui-chung
Hon Alan LEONG Kah-kit, SC

Appendix 1

List of financial institutions and law firms (in alphabetical order)

1. Ashurst Hong Kong
2. Baker & McKenzie
3. Bank of America Merrill Lynch
4. Barclays Capital Asia Limited
5. China International Capital Corporation Hong Kong Securities Limited
6. CITIC Securities International Company Limited
7. Citigroup Global Markets Asia Limited
8. Cleary Gottlieb Steen & Hamilton (Hong Kong)
9. Clifford Chance
10. Credit Suisse (Hong Kong) Limited
11. Davis Polk & Wardwell
12. Deacons
13. Deutsche Bank AG, Hong Kong Branch
14. Freshfields Bruckhaus Deringer
15. Goldman Sachs (Asia) L.L.C.
16. Herbert Smith
17. Jones Day
18. J.P. Morgan Securities (Asia Pacific) Limited
19. King & Wood
20. Kirkland & Ellis
21. Latham & Watkins
22. Linklaters
23. Macquarie Capital Securities Limited

24. Mayer Brown JSM
25. Milbank, Tweed, Hadley & McCloy
26. Morgan Stanley Asia Limited
27. Morrison & Foerster
28. Nomura International (Hong Kong) Limited
29. Norton Rose Hong Kong
30. O'Melveny & Myers
31. Orrick, Herrington & Sutcliffe
32. Paul Hastings
33. The Royal Bank of Scotland N.V., Hong Kong Branch
34. Salans LLP
35. Shearman & Sterling, Hong Kong
36. Simpson Thacher & Bartlett
37. Skadden, Arps, Slate, Meagher & Flom
38. Slaughter and May
39. Standard Chartered Securities (Hong Kong) Limited
40. Sullivan & Cromwell (Hong Kong)
41. UBS AG, Hong Kong Branch