
REGULATORY FRAMEWORK

The Group is a multi-professional services provider, and there is no single or integrated framework to regulate the Group as such services provider. As a result, discussion on the regulatory framework for the Group's businesses will be made for each segment that the Group is engaged in.

REGULATORY ENVIRONMENT IN HONG KONG FOR ASSET APPRAISAL INDUSTRY

Asset appraisal industry in Hong Kong is generally a self regulated industry and valuation professionals are licensed or certified by professional bodies with a view to maintaining professional quality and standard. The Group's asset appraisal services are mainly provided to listed companies in Hong Kong or related to activities in the capital market and are therefore subject to various regulations and compliance requirements. For example, Part III of the Third Schedule to the Companies Ordinance provides that valuation report to be included in a prospectus shall not be made by a company which has either a paid up capital of less than HK\$1 million or the assets of which do not exceed liabilities by HK\$1 million or more as shown in the company's latest balance sheet. The Listing Rules, the GEM Listing Rules, the Takeovers Code and the Code on Real Estate Investment Trusts also impose requirements on the qualification of valuer.

The following are the major requirements on qualification of valuers pursuant to key rules and regulations for asset appraisal industry in Hong Kong, without taking into account requirement for experience:

Rules or regulations	Major requirements on qualification
Part III of the Third Schedule to the Companies Ordinance	A valuation report to be included in a prospectus shall not be made by a company with a minimum paid up capital of HK\$1 million, or the assets of which do not exceed liabilities by HK\$1 million or more ("Minimum Capital Requirement").
Chapter 5 of the Listing Rules	For valuation of properties situated in Hong Kong, the valuer is a fellow or associate member of The Royal Institution of Chartered Surveyors (Hong Kong Branch) or The HKIS. For valuation of properties situated outside Hong Kong, the valuer has the appropriate professional qualifications in valuing properties in the same location and category to carry out the valuation.
Chapter 8 of the GEM Listing Rules	For valuing properties situated in Hong Kong, the valuer is a fellow or associate member of The HKIS.

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Rules or regulations	Major requirements on qualification
	For valuing properties situated outside Hong Kong, the valuer has the appropriate professional qualifications, such as he is subject to the discipline of The HKIS or The Royal Institution of Chartered Surveyors or a professional body of similar standing.
Chapter 18 of the Listing Rules	For the purposes of conducting valuation for Mineral Companies (as defined in the Listing Rules), the valuer must be professionally qualified, and be a member of a relevant recognised professional organization.
Practice Note 12 to the Listing Rules	For valuation of property situated in developing property market, the valuer has the appropriate professional qualifications, such as he is subject to the discipline of The Royal Institution of Chartered Surveyors or The HKIS or professional body of similar standing.
Code on Real Estate Investment Trusts issued by the SFC	A company which has key personnel who are fellow or associate members of The HKIS and who are qualified to perform valuations and meets the Minimum Capital Requirement.
Takeovers Code	<p>For valuation of land and buildings, the valuer should normally be a professional member of The HKIS.</p> <p>For valuation of other assets, it can be conducted by a suitably qualified and experienced professional valuer which the firm itself and the personnel engaged in the valuation meet the legal or regulatory requirements which apply in the circumstances in which the particular valuation is required.</p>

Other than the aforesaid rules or regulations, the Directors confirm that there is no specific statutory or regulatory controls on the asset appraisal services provided by the Group.

REGULATORY ENVIRONMENT FOR ASSET ADVISORY SERVICES INDUSTRY

The Directors confirm that there is no specific statutory or regulatory controls on the current scope of the asset advisory services provided by the Group in Hong Kong and the PRC.

REGULATORY ENVIRONMENT FOR CORPORATE SERVICES AND CONSULTANCY INDUSTRY

The Directors confirm that there is no specific statutory or regulatory controls on the corporate services and consultancy business of the Group other than those generally applicable to companies incorporated in Hong Kong.