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Sent: Friday, December 03, 2010 6:27 PM
To: P.T. Comment Letter
Cc: Chan, Simon (HK); Chan, Wendy (HK)
Subject: Comments on IVSB Discussion Paper Valuation Uncertainty

[Sent on behalf of Jones Lang LaSalle Sallmanns]

Mr. Steve Ong
Director, Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Dear Mr. Ong,

In response to the Institute's invitation to comment on IVSB Discussion Paper *Valuation Uncertainty*, our firm would like to express our comments as attached. Please see the attached for your perusal.

Thank you for your attention.

Regards,

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COMMENT ON IVSB DISCUSSION PAPER VALUATION UNCERTAINTY

1. Do you agree that it is only when material, or abnormal, uncertainty attaches to a valuation on a specific time or date that that specific disclosure is necessary when the valuation is reported? If not please explain why you consider that an uncertainty statement should be provided in all cases.

In our opinion, disclosure is necessary when material, or abnormal, uncertainty attaches to a valuation. However, the judgment of materiality and abnormality may attach further uncertainty to the valuation. As such, it is preferable to provide an uncertainty statement in all cases.

2. Do you believe that the Board has identified all major sources and types of material valuation uncertainty? If not please identify what additional causes of uncertainty exist and how often you encounter these in practice.

Yes.

3. Do you agree with the Board's conclusion that an explanation of any abnormal uncertainty identified and an explanation of the impact this has on the valuation (a qualitative statement) is more helpful to users in understanding the valuation than a purely numeric expression of the range of possible values created by the uncertainty (a quantitative statement)?

Yes.



4. Do you think the IVSC should include an explicit requirement in the proposed IVS 105, Valuation Reporting, to disclose any material uncertainty or is the principle that requires valuation reports not to be ambiguous or misleading sufficient?

The answer to the first part of the question is yes. An explicit requirement would encourage a more standardized way to discount such uncertainty and would promote a better understanding of valuation uncertainty among general users of valuation reports. It is also suggested that IVSC could issue guidance for such disclosure requirements.

This requirement is in fact sufficient by the principle that requires valuation report not to be ambiguous or misleading. However, for the benefits as stated above, it is preferable for IVSC to include an explicit requirement in IVS 105.

5. Do you consider that there are cases where a qualitative statement of the causes and impact of uncertainty on the valuation is inadequate and should be either augmented or replaced by a quantitative statement? If so please
- a. state the circumstances and assets classes where you believe that quantitative statements are more helpful to users and,
 - b. provide a brief explanation or example of the type of quantitative statement that you believe would be useful.

No comment.



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6. Do you consider that it would be helpful if IVSC developed guidance on methods for making a quantitative disclosure of uncertainty under specific circumstances? If so please indicate the circumstances and any methods that you either use or encounter in your market.

No comment.