

MALAYSIAN VALUATION STANDARDS

STANDARD ~~15~~ 14

VALUATIONS FOR SUBMISSION TO THE SECURITIES COMMISSION MALAYSIA

14.1.0 INTRODUCTION

14.1.1 The Securities Commission Act 1993 provides that the Securities Commission Malaysia is responsible for, amongst others, regulating all matters relating to securities, unit trust schemes which include Real Estate Investment Trusts (REIT), registering prospectuses of corporations ~~property trust funds~~, supervision of exchanges and protection of investors.

14.1.2 All valuations of property assets conducted in conjunction with any corporate proposal relating to the issuance of securities ~~(which include private debt securities and units in the case of property trust schemes)~~ undertaken by public companies pursuant to Section 212 of Capital Markets & Services Act 2007 ~~32 of the SCA~~ are required to be submitted to the Securities Commission Malaysia for its review and consideration. Such valuations must comply with the Asset Valuation Guidelines issued by the SC.

~~15.1.3 Broadly, the valuation of property interests fall into two categories, that required for acquisition of assets by public companies and that required for revaluations for financial reporting by public companies.~~

14.1.3 Valuers are also encouraged to understand the relevant requirements of other guidelines issued by SC that relate to property assets. These other guidelines are namely the Equity Guidelines, Prospectus Guidelines, Guidelines on Real Estate Investment Trusts, Prospectus Guidelines For Collective Investment Schemes and Guidelines on the Offering of Asset-backed Securities.

~~15.1.4 The Securities Commission has issued guidelines in respect of valuations that are to be conducted for submission to the Securities Commission for approval. These guidelines are known as "Guidelines on Asset Valuations".~~

~~14.1.4~~ The ~~Security Commission~~ **Asset Valuation Guidelines** are specific User Standards and are mandatory ~~and are regarded as complementary to these Standards.~~

14.2.0 STATEMENTS OF STANDARD

14.2.1 All valuations undertaken for submission to the Securities Commission **Malaysia shall** ~~must~~ comply strictly to the **Asset Valuation** Guidelines issued by the Securities Commission **Malaysia**.

~~15.2.2 All such valuations must clearly state that they are indeed prepared for use by the Securities Commission and must also state whether they fall under either the broad category of valuations for acquisitions or for revaluations.~~

14.2.2 Apart from complying with all the provisions of the **Asset Valuation** Guidelines of the Securities Commission **Malaysia**, the valuation shall also comply with these Standards.

14.2.3 Where there is any conflict between the **Asset Valuation** Guidelines of the Securities Commission **Malaysia** and these Standards, they must be highlighted. In such situations, the **Asset Valuation** Guidelines of the Securities Commission **Malaysia** shall prevail.

14.3.0 EXPLANATIONS

~~15.3.1 The Guidelines of the Securities Commission require, in addition to the requirements of the MVS, additional provisions and Valuers are required to follow the Guidelines. For example, for the valuation of timber concessions, an independent expert opinion by a member of the Malaysian Institute of Forestry, is required to obtain and which opinion must be in a signed report attached to the valuation report. The report is principally to estimate the volume of merchantable timber in the concession and which can be extracted for beneficial use given the constraints of the concession license and the time frame for extraction and/or beneficial use by the license holder.~~

14.3.1 The Asset Valuation Guidelines require, in addition to the requirements of the Malaysian Valuation Standards, additional provisions to be followed. For example, in valuing a timber concession, an independent expert opinion by a forester registered with the Institute of Foresters Malaysia is required and the report is to be signed by the forester and attached to the valuation report.

~~15.3.2 By virtue of this Standard, the Board is enabled to take independent action in cases of non-compliance by Valuers when they undertake valuations for submission to the SC.~~

14.3.2 Where valuation reports on property assets have been carried out for inclusion in a prospectus/abridge prospectus/circular, a summary of the valuation in the form of valuation certificate must be included in the prospectus/abridge prospectus/circular.

14.3.3 The valuation certificate shall comply with the Asset Valuation Guidelines and contain adequate and meaningful disclosures.