

Asset Appraisal Law of the PRC

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Contents

Table of Contents	1
Chapter I — General Provisions	1
Chapter II — Appraisal Professionals	2
Chapter III — Appraisal Institutions	3
Chapter IV — Appraisal Procedures	4
Chapter V — Industry Associations	5
Chapter VI — Supervision and Administration	5
Chapter VII — Legal Liability	6
Chapter VIII — Supplementary Provisions	7

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Table of Contents

- Chapter I — General Provisions
- Chapter II — Appraisal Professionals
- Chapter III — Appraisal Institutions
- Chapter IV — Appraisal Procedures
- Chapter V — Industry Associations
- Chapter VI — Supervision and Administration
- Chapter VII — Legal Liability
- Chapter VIII — Supplementary Provisions

Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of regulating asset appraisal activities, protecting the lawful rights and interests of parties to asset appraisals, safeguarding public interests, and promoting the sound development of the asset appraisal industry.

Article 2 — For the purposes of this Law, "asset appraisal" ("appraisal" hereinafter) means the act of an appraisal institution and its appraisal professionals issuing an appraisal report, based on entrustment, assessing and estimating the value of such appraisal objects as immovable property, movable property,

intangible assets, enterprise value, and asset losses or other economic rights and interests, and providing professional opinions thereon.

Article 3 — Where a natural person, legal person, or other organization needs to determine the value of an appraisal object, it may engage an appraisal institution to conduct an appraisal on its own initiative.

Where a matter that is subject to appraisal as required by laws or administrative regulations (hereinafter referred to as a "statutory appraisal matter"), the appraisal institution designated by law shall be engaged for appraisal.

Article 4 — Appraisal institutions and appraisal professionals shall conduct appraisals independently, objectively and impartially in accordance with the law, and shall be accountable for the appraisal reports issued by them.

Article 5 — The administrative departments for the asset appraisal industry under the State Council shall supervise and administer the asset appraisal industry in accordance with their respective duties and responsibilities assigned by the State Council.

The relevant departments of the local people's governments at or above the county level shall, in accordance with their respective duties and responsibilities, supervise and administer the asset appraisal industry.

Article 6 — Asset appraisal industry associations shall, in accordance with the law, exercise self-disciplinary management and perform the functions and duties conferred by laws and administrative regulations.

The relevant national asset appraisal industry associations shall, in accordance with their articles of association, formulate codes of professional ethics and practice standards for the appraisal profession, strengthen education in industry self-discipline, and guide the lawful and compliant professional practice of appraisal institutions and their professionals.

Article 7 — Appraisal institutions and their professionals shall join an asset appraisal industry association in accordance with the law, and shall enjoy the rights and perform the obligations stipulated in the articles of association of the industry association.

An asset appraisal industry association that admits members shall report such admissions to the administrative departments for the asset appraisal industry for filing.

Chapter II — Appraisal Professionals

Article 8 — Appraisal professionals include appraisers and other professionals with specialized knowledge and practical experience in appraisal.

Appraisers are professionals who pass the qualification examination for appraisers and engage in appraisal business. The state shall implement a professional qualification system for appraisers based on the classification of asset appraisal specialties.

The specific measures for the national uniform examination for appraiser qualifications shall be formulated by the administrative departments for human resources and social security under the State Council and the administrative departments for financial affairs under the State Council, and organized and implemented by the relevant national appraisal industry associations.

Article 9 — The relevant national appraisal industry associations shall, in accordance with state regulations, organize and implement the qualification examination for appraisers and the registration of appraisers, and shall report the information on appraisers who have passed the qualification examination and completed registration to the administrative departments for the asset appraisal industry under the State Council for filing.

No entity or individual may organize appraiser qualification accreditation activities without authorization.

Article 10 — Appraisal professionals shall be qualified for the corresponding appraisal specialty, and shall enter their names in the rosters of the appraisal institutions where they are employed in accordance with the law.

Article 11 — Appraisal professionals shall enjoy the following rights: (1) requiring the client to provide the relevant ownership certificates, financial and accounting information, and other materials and documents necessary for the appraisal, and to provide necessary assistance for the normal conduct of the appraisal; (2) accessing the required documents, vouchers and accounts, conducting on-site inspections of the relevant assets, and inquiring of the relevant entities and individuals in accordance with the law; (3) refusing the entrustment or terminating the performance of the entrustment contract in accordance with the law; (4) signing the appraisal report as required by law; (5) other rights provided for by laws and administrative regulations.

Article 12 — Appraisal professionals shall perform the following obligations: (1) honestly and trustworthily, observing professional ethics and practice standards in conducting appraisal business in accordance with the law; (2) maintaining independence, objectivity and impartiality, and avoiding conflicts of interest; (3) keeping confidential state secrets, trade secrets, and personal privacy that come to their knowledge in the course of performing appraisal business; (4) properly storing their work papers in accordance with the law; (5) other obligations provided for by laws and administrative regulations.

Article 13 — Appraisal professionals shall not: (1) conduct appraisal business privately; (2) accept appraisal business from two or more appraisal institutions at the same time; (3) solicit business by any means that violate professional ethics; (4) allow others to conduct appraisal business in their own name, or conduct appraisal business in the name of others; (5) solicit or accept illegal gains from parties in appraisal matters or other relevant persons; (6) seal or sign an appraisal report that they have not participated in; (7) other acts prohibited by laws and administrative regulations.

Article 14 — An appraisal professional shall recuse themselves if they have an interest in the client or a party to the appraisal matter.

Chapter III — Appraisal Institutions

Article 15 — An appraisal institution shall be established in accordance with the law in the form of a partnership or a company with limited liability, employ appraisal professionals to conduct appraisal business, and file with the administrative departments for the asset appraisal industry in accordance with the law.

The conditions and measures for filing by appraisal institutions shall be formulated by the administrative departments for the asset appraisal industry under the State Council.

Article 16 — An appraisal institution that is to be established in the form of a partnership or a company with limited liability shall meet the conditions prescribed by this Law and the relevant laws and administrative regulations, and shall file with the administrative departments for the asset appraisal industry. The administrative departments for the asset appraisal industry shall make the filing information public in a timely manner.

If, after filing, an appraisal institution ceases to meet the statutory conditions or filing conditions, the administrative departments for the asset appraisal industry shall order it to make corrections within a prescribed period; if it fails to make corrections within the prescribed period, the filing shall be revoked and a public announcement shall be made.

Article 17 — An appraisal institution shall establish and improve its internal management systems in accordance with the law, be responsible for the practice of the appraisal professionals in its institution, implement risk management, and standardize professional practice.

An appraisal institution shall guarantee and support the independent, objective and impartial conduct of appraisals by appraisal professionals in accordance with the law.

Article 18 — A client may not require an appraisal institution or its professionals to issue an appraisal report with false content, and the appraisal institution and its professionals shall not issue an appraisal report with false content.

An appraisal institution and its professionals shall refuse to issue an appraisal report if the client imposes any restriction or requirement that affects the independence, objectivity and impartiality of the appraisal.

Article 19 — An appraisal institution and its professionals shall refuse to conduct an appraisal if the client colludes with other parties to the appraisal and engages in fraud, or causes the appraisal institution or its professionals to lose their independence, objectivity and impartiality.

Article 20 — An appraisal institution shall not: (1) conduct appraisal by fraud, bribery, unfair competition, or other means; (2) accept entrustment from any entity or individual to conduct appraisal without authorization; (3) solicit business at an unreasonably low price, or otherwise engage in unfair price competition; (4) accept entrustment from appraisal professionals who have an interest in the client; (5) conduct appraisal without specifying the appraisal method to be used, or disclose the appraisal report to a third party without the consent of the client or otherwise than as required by law; (6) other acts prohibited by laws and administrative regulations.

Article 21 — An appraisal institution shall establish a professional risk fund in accordance with the law, or handle professional liability insurance.

Chapter IV — Appraisal Procedures

Article 22 — Where a client is to engage an appraisal institution to conduct an appraisal, a written entrustment contract shall be concluded between the client and the appraisal institution. The entrustment contract shall generally include the following particulars: (1) names and domiciles of the client, the appraisal institution, and the appraisal professionals; (2) the appraisal purpose, appraisal object, appraisal scope and appraisal benchmark date; (3) the types and requirements of the appraisal report; (4) the time and manner of delivery, and the period of use, of the appraisal report; (5) the amount, time and manner of payment of the appraisal fees; (6) the rights and obligations of the client and the appraisal institution and their professionals; (7) liability for breach of contract and means of dispute resolution; (8) other matters that the parties deem necessary to stipulate.

Article 23 — The client shall, in accordance with the entrustment contract, provide the appraisal institution and its professionals with the required ownership certificates, financial and accounting information, and other materials and documents and shall be responsible for the truthfulness, completeness and legality of the materials and documents provided by it.

Article 24 — For statutory appraisal matters, the client shall engage an appraisal institution in accordance with the law, and shall select the appraisal institution through public selection in accordance with the provisions of the relevant laws and administrative regulations.

Article 25 — An appraisal professional shall, based on the type of appraisal object and entrustment requirements, select the appropriate appraisal method, conduct an independent, objective and impartial appraisal, and issue an appraisal report after fulfilling the necessary appraisal procedures.

Article 26 — An appraisal institution and its professionals shall prepare work papers in the course of the appraisal in accordance with the law. The retention period for work papers related to an appraisal report shall be not less than 15 years, calculated from the date of issuance of the appraisal report.

Article 27 — An appraisal report shall be sealed by at least two professionals who are qualified for the appraisal business and who have undertaken the appraisal, and shall be issued in the name of the appraisal

institution. The appraisal professionals signing the report shall be responsible for the appraisal report, and the appraisal institution shall bear corresponding liability for the appraisal report issued in its name.

An appraisal institution and its professionals shall be responsible for the appraisal report issued by them within the period of use of the appraisal report stipulated in the entrustment contract; where the parties have stipulated otherwise, such stipulation shall prevail.

Article 28 — An appraisal institution and its professionals shall be obliged to provide explanations and clarifications regarding inquiries from the client and the user of the appraisal report in accordance with the entrustment contract.

Article 29 — An appraisal file shall be kept by the appraisal institution for the period stipulated by law; the statutory appraisal file shall be kept for not less than 30 years, and other appraisal files for not less than 15 years.

Chapter V — Industry Associations

Article 30 — Asset appraisal industry associations are social organizations voluntarily formed by appraisal institutions and appraisal professionals, and are legal persons established in accordance with the law and carrying out activities in accordance with laws, administrative regulations and their articles of association.

Article 31 — An asset appraisal industry association shall strengthen the self-disciplinary management of its members in accordance with the law and perform the following functions and duties: (1) safeguarding the lawful rights and interests of its members and reflecting the demands of its members; (2) formulating and organizing the implementation of codes of professional ethics for the asset appraisal industry; (3) formulating and organizing the implementation of industry practice standards and quality inspection standards; (4) organizing professional education for appraisal professionals; (5) conducting self-disciplinary inspections of members' practice; (6) mediating disputes between members in their practice; (7) other functions and duties stipulated by laws, administrative regulations, and articles of association.

Article 32 — An asset appraisal industry association shall establish a system for the recording and disclosure of members' credit files, and shall publicly announce the information on members' credit files to the public in accordance with its articles of association.

Chapter VI — Supervision and Administration

Article 33 — The administrative departments for the asset appraisal industry under the State Council shall, in accordance with their respective duties and responsibilities, organize the formulation of basic standards for appraisal practice and standards for appraisal professionals' practice conduct.

Article 34 — The administrative departments for the asset appraisal industry shall strengthen supervision over the asset appraisal industry and perform the following functions and duties in accordance with the law: (1) supervising and inspecting the relevant asset appraisal laws and administrative regulations; (2) supervising and inspecting the formulation and implementation of industry practice standards; (3) supervising and inspecting the practice of appraisal professionals and appraisal institutions; (4) investigating and dealing with illegal appraisal practice; (5) other functions and duties stipulated by laws and administrative regulations.

Article 35 — The administrative departments for the asset appraisal industry may, when performing the functions and duties of supervision and inspection, take the following measures: (1) conducting on-site inspections of appraisal institutions; (2) questioning the legal representative, partners, appraisal professionals, and other relevant persons of appraisal institutions; (3) reviewing and reproducing appraisal files, work papers, and other relevant materials; (4) retaining evidence that may be transferred, concealed, destroyed, or tampered with; (5) other supervisory and inspection measures stipulated by laws and administrative regulations.

Article 36 — An appraisal institution and its professionals shall cooperate with the supervision and inspection by the administrative departments for the asset appraisal industry and shall not refuse or obstruct such supervision and inspection.

Article 37 — Where an appraisal institution and its professionals practice in violation of the provisions of this Law, the administrative departments for the asset appraisal industry shall investigate and deal with them in accordance with the provisions of this Law and other relevant laws and administrative regulations, and shall make the results of such investigations public in a timely manner.

Chapter VII — Legal Liability

Article 38 — Where an appraisal institution issues an appraisal report with false content in violation of the provisions of this Law, the administrative departments for the asset appraisal industry shall order it to cease the illegal practice, confiscate its illegal gains, and impose a fine of not less than one time but not more than five times the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 but not more than RMB 3 million shall be imposed; where the circumstances are serious, the business license shall be revoked and the filing shall be revoked, and a public announcement shall be made.

Article 39 — Where an appraisal institution violates the provisions of this Law by committing any of the following acts, the administrative departments for the asset appraisal industry shall order it to make corrections and impose a fine of not less than RMB 50,000 but not more than RMB 200,000; where the circumstances are serious, it shall be ordered to suspend business for rectification: (1) soliciting business by fraud, bribery, unfair competition, or other means; (2) accepting entrustment from any entity or individual to conduct appraisal without authorization; (3) employing appraisal professionals who do not meet the conditions stipulated by this Law to conduct appraisal business; (4) failing to retain appraisal files in accordance with the period stipulated by this Law.

Article 40 — Where an appraisal professional violates the provisions of this Law by committing any of the following acts, the administrative departments for the asset appraisal industry shall give a warning and order the professional to cease the practice; where there are illegal gains, the illegal gains shall be confiscated, and a fine of not less than one time but not more than five times the illegal gains shall be imposed; where the circumstances are serious, the qualification shall be revoked: (1) conducting appraisal business privately; (2) accepting appraisal business from two or more appraisal institutions at the same time; (3) allowing others to conduct appraisal business in their own name, or conducting appraisal business in the name of others; (4) sealing or signing an appraisal report that they have not participated in; (5) failing to recuse themselves in accordance with the provisions of this Law where recusal should have occurred.

Article 41 — Where a client fails to provide the required materials in accordance with the provisions of this Law, or colludes with an appraisal institution or its professionals to issue a false appraisal report, the relevant competent authorities shall investigate and deal with the matter in accordance with the law; where loss is caused to others, liability for compensation shall be borne in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 42 — Where an appraisal institution or its professional violates the provisions of this Law and causes loss to a client or other relevant parties, the appraisal institution and its professionals shall bear civil compensation liability in accordance with the law.

Article 43 — Where an administrative department for the asset appraisal industry, an industry association, or any of their staff members, abuses their power, neglects their duties, or engages in malpractice for personal gain in the course of supervision and administration, disciplinary sanctions shall be imposed in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 44 — Where an entity or individual, without authorization, organizes appraiser qualification accreditation activities, the administrative departments for human resources and social security shall order it to cease the illegal practice, confiscate its illegal gains, and impose a fine of not less than one time but not more than five times the illegal gains.

Chapter VIII — Supplementary Provisions

Article 45 — Appraisal activities in land and mineral resources appraisal, real estate appraisal, and used motor vehicle appraisal shall be separately governed by the provisions of relevant laws and administrative regulations.

Article 46 — The state shall administer appraisal institutions and appraisal professionals of different asset appraisal specialties under unified rules, with separate implementation by the relevant administrative departments, industry associations, and appraisal institutions and appraisal professionals in accordance with their respective duties and responsibilities.

Article 47 — For appraisal institutions that were lawfully established before the implementation of this Law, if they intend to continue to engage in asset appraisal business, they shall handle the filing formalities with the administrative departments for the asset appraisal industry within the prescribed time limit; those that fail to complete filing within the prescribed time limit shall not continue to engage in asset appraisal business.

Article 48 — For appraisal professionals who have obtained the corresponding professional qualification before the implementation of this Law, such qualifications shall remain valid after the implementation of this Law.

Article 49 — For appraisal institutions that have been established before the implementation of this Law and have been in practice for a certain number of years, the relevant administrative departments for the asset appraisal industry under the State Council may, based on the actual circumstances of the industry, appropriately extend the retention period for appraisal files.

Article 50 — The administration of state-invested appraisal institutions shall be carried out in accordance with the relevant laws and administrative regulations of the state.

Article 51 — Appraisal institutions and appraisal professionals conducting appraisal business in the course of judicial appraisal and valuation, and enterprise bankruptcy administrator appraisal and valuation, shall comply with the provisions of the relevant laws and administrative regulations.

Article 52 — Appraisal institutions and appraisal professionals engaged in valuation and appraisal in government procurement, state-owned property transactions, corporate restructuring and other activities shall comply with this Law and the relevant laws and administrative regulations.

Article 53 — The specific measures for state-invested appraisal institutions and for the qualification accreditation and administration of state-invested appraisal professionals shall be separately formulated by the State Council.

Article 54 — The State Council shall formulate measures for the administration of asset appraisal in public finance management activities.

Article 55 — This Law shall come into force on December 1, 2016.

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