



**FEBRUARY
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Newsletter**



Insights of Asset Valuation in the New Year

With the breakout of COVID-19 across the world, it is expected that asset valuation would be more complicated due to high uncertainties in the global economy. This presents a huge challenge for professional appraisers to judge the fair value during this period.

Therefore, how professional appraisers reasonably conclude the value would be an important task, which would be adopted for the financial report, public circulars and other purposes.

There are three main things to consider and bear in mind:

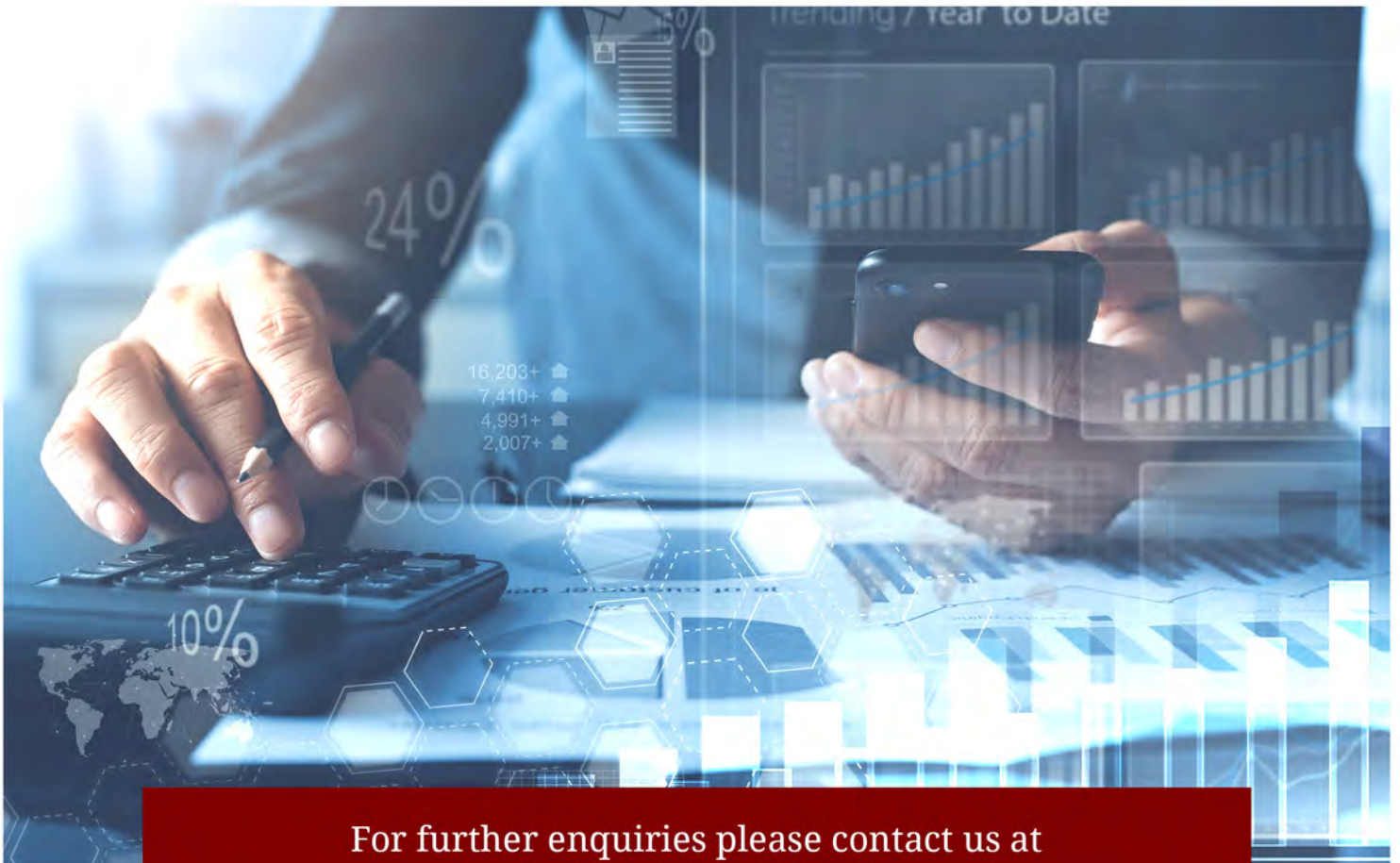
- Appraisers should notice that the concepts of fair value, market value, and fair market value have not been altered. Therefore, the values concluded must satisfy their key characteristics accordingly.
- Appraisers also need to make necessary adjustments when using different valuation methods. For example, under the income approach, appraisers might need to conduct more specific due diligence to get reasonable and fair financial forecast, and take specific factors into consideration when determining the discount rates. For the market approach, appraisers should be more conservative when using leading market multiples under such a high uncertain economic environment.
- Finally, most of the valuations are prepared under the going-concern basis. However, with the impact of COVID-19, certain companies and industries would be affected significantly. Therefore, appraisers should consider the assumptions of potential liquidation in the valuation as the situation arises.

All in all, COVID-19 has changed the world, not only our daily life, but also the capital markets. Asset valuation should keep pace with the times and provide a clear direction for capital players.

For further enquiries please contact us at avs@rjacpahk.com

Opening of bank accounts remotely for offshore companies

Due to the current COVID-19 environment, travelling has become very difficult for all of us. Selected banks have commenced opening bank accounts remotely for offshore companies i.e. BVI, Seychelles, Mauritius etc., subject to the banks' KYC requirements and approval.



For further enquiries please contact us at
banking@rjacpahk.com

Offshore profits tax claim

Due to the introduction of BEPS 2.0, double taxation agreements and free exchange of information, the IRD may take a more stringent approach in granting offshore claims on a case-by-case basis. Clients should keep sufficient documentation as proof for substantiating their offshore claims.

For further enquiries, please contact us at tax@rjacpahk.com



CONTACT US



Founder & CEO

📍 Richard Albuquerque & Co.
Certified Public Accountants
2/F, Lee Kee Commercial Building
221-227 Queen's Road Central
Hong Kong

✉ info@rjacpahk.com

☎ +852 2544 4068

☎ +852 2544 5568