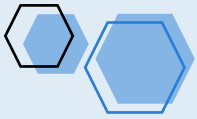


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## ARE YOU READY FOR THE POST-COVID-19 IMPACTS?



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Page 2 for:

*An Age of **Turbulence** for Valuation*

*Worsening **Expected Credit Losses***

*Transfer Pricing & BEPS Tax Risks along the Global Supply Chains*

Co-published by:



# THE PANDEMIC THAT HITS THE NEW DECADE

## UNPRECEDENTED TURBULENCE ON ASSET PRICING

The widespread coronavirus has significantly altered market participants' perception on the "Safety" of traditional asset classes. With heightened uncertainty on future prices of capital assets, how could financial controllers be prepared to cope with the unprecedented challenges on Business Valuation and IFRS 9 Credit Losses in FY2020?

In light of the thin profits ahead, how could management of multinational enterprises deal with heightened tax risks arisen along their cross-border supply chains in this era of global turbulence?

## WHO ARE WE?

We represent a platform of experienced advisers ready to meet your needs on the HKFRS 3 (Revised), HKFRS 9 and HKFRS 13 accounting agenda during this special time. Our project managers hold professional designations of CPA, CFA, FRM, Master of Finance, Master of Statistics, such that you can always expect to receive sensible answers in related technical aspects.

# AN AGE OF **TURBULENCE** FOR VALUATION UNDER **HKFRS 9**

## LACK OF **ROBUST** MARKET EVIDENCE TO ADDRESS AUDIT SCRUTINY

Observative market evidences are the core building blocks to support the “Fairness” of an asset value from a market participant’s perspective for financial reporting purpose. At time of instability of the capital market, the robust evidences become difficult to obtain as asset prices becomes extremely volatile swinging around the true fair value. HKFRS 13 defines fair value as the price observed in an **orderly** transaction, which might not be the case during time of massive sell-off or purchases.

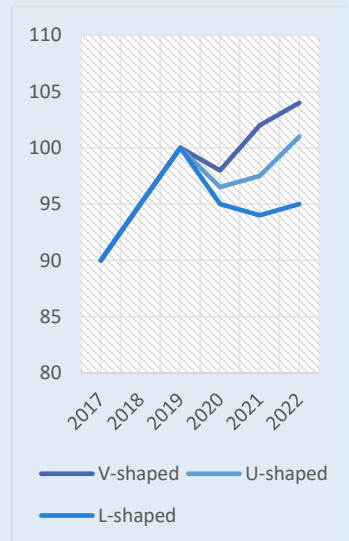
Our team of HKFRS 9 valuation professionals help you to reach out to obtain the global universe of financial data to support your valuation needs in all kinds of private capital investments, vanilla and exotic options, redeemable and convertible securities, such that your agenda can be met even in time of uncertainty.

# FORWARD-LOOKING INDICATORS FOR EXPECTED CREDIT LOSSES ARE WORSENING

## FORWARD-LOOKING SCENARIOS UNDER COVID-19, PROVISION MATRIX, CREDIT STAGING

The coronavirus has brought immediate disruptions and structural changes to many of the traditional industries including airlines, retail and hospitality, global manufacturers and distributors. While the short-term forward-looking indicators of Hong Kong have become weak, some local industries might not suffer as much as the mainstream industries. In other words, the forward-looking adjustment does impact the various industries in very different manners.

In line with the best practice required by top-tier auditors, our team performs regression exercise, scenario and credit analysis to help you capture this opportunity in the adverse Covid-19 environment. We always strive to provide timely feedback to meet your every ECL needs.



# TRANSFER PRICING RISKS MUCH HEIGHTENED IN THE NEW LANDSCAPE OF GLOBAL SUPPLY CHAINS

## ENACTMENT OF NEW **TAX LAWS** FOR TP, DIPNs AND OECD GUIDELINES

The Inland Revenue (Amendment) (No. 6) Ordinance 2018 was enacted on 13 July 2018, with major objective of codifying the transfer pricing principles and measures in Hong Kong after OECD released its latest 2017 guideline. On 13 July 2019, the IRD has further published DIPN 58, 59 and 60 to address the latest TP complications.

Triggered by the adverse effects of Covid-19, tax authorities are expected to be aggressive in meeting the governments’ tighter fiscal budgets. MNEs are advised to take a proactive role to document their transfer pricing policies, such that their tax position can be robustly defended, especially during seasons of low profit.



Need further **INSIGHTS** on your specific case? Reach us for a free consultation:

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