

**Meeting Summary**  
**Discussion on HKICPA Request for Information: PIR of AG 5**

**Date:** 16 November 2016

**Venue:** Offices of HKICPA

**Participant:**

Dr. Lawrence Wong, GCE Consulting, Retail Investor/Advisor to listed company  
Board of Directors

**Choice of accounting method**

1. In Dr. Wong's experience, owners/investors of a company generally have some leverage power in making final decision of a potential transaction. He points out that investors usually consider the impact of a transaction on a company's future P&L and future valuation impact.
2. He emphasizes that as an investor and an advisor to companies, he would evaluate the difference between the consideration to be paid and the future value that the newly acquired business could add to the company. He does not think there is a difference between a transaction that is an internal reorganization and an acquisition with a third party. Information that he as an investor would generally focus on are whether the consideration is measured fairly, the fair value of the acquired business and the potential value/profits the acquired business would add.
3. He would also focus on the economic substance of the transaction.
4. In his experience, Dr. Wong observes that more assurance should be given to investors about the valuation of the target/acquired business.