

**II. COMMENTS ON THE EXPOSURE DRAFT OF PROPOSED NEW  
INTERNATIONAL VALUATION GUIDANCE NOTE NO. 16; VALUATION OF  
INTANGIBLE ASSETS FOR IFRS REPORTING**

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In relation to the above subject, kindly refer to my comments below, which are culled from my professional experience and training on the relevant areas. I hope the committee will find these helpful.

1. On Further Explanation of Intangible Assets

The exposure draft contains sufficient explanation on characteristics of identical, similar and different intangible assets as it is. A professional valuer may not require more extensive discussion from a Guidance Note.

2. On Definitions

Providing more extensive definitions of “market” and “active”, “inactive”, “accessible” is not necessary. In fact, defining these may be interpreted as restricting the broad understanding of the terms. Also, by attempting to provide more definitive statements on the matter, the Guidance Note will run the risk of calling attention to other details that may certainly be left out in the definition, perhaps, inadvertently.

### 3. On Sufficiency of reference to IFRSs

The Exposure Draft sufficiently refers to the IFRSs. I personally believe that further reference would be unnecessary, and should more reference be required by the professional valuer, a direct reading of the IFRSs should be done, instead of using the Guidance Note only.

### 4. Other items

Paragraph 4.18 mentions that “the value of the equity...is determined by deducting the net debt from the enterprise value.” I believe that the more precise wording should be “the value of the equity...is determined by deducting the **market value** of the net debt from the enterprise value.”

It is important to remember that the enterprise value is an estimate of fair market value. Therefore, the deductible net debt should also be expressed at market value. Using the book value of net debt will certainly distort the value of equity.

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