



Room 525, 5/F., Prince's Building, Central, Hong Kong
Telephone: 2521 1160, 2521 1169 Facsimile: 2868 5035
Email: info@hkab.org.hk Web: www.hkab.org.hk

香港中環太子大廈5樓525室
電話：2521 1160, 2521 1169 圖文傳真：2868 5035
電郵：info@hkab.org.hk 網址：www.hkab.org.hk

25 January 2013

By post and email: commentletters@hkicpa.org.hk

Mr Simon Riley
Director, Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen' Road East
Wanchai, Hong Kong

Dear Simon

IASB Exposure Draft: Annual Improvements to IFRS 2011 – 2013 Cycle

We refer to your letter dated 28 November 2012 inviting our comments on the Exposure Draft of the International Accounting Standards Board on Annual Improvements to IFRSs 2011 – 2013 Cycle. On behalf of our members, we set out our responses to the specific questions below:

Question 1

Do you agree with the IASB's proposal to amend the Standard as described in the Exposure Draft? If not, why and what alternative do you propose?

IFRS 1

We do not agree with the proposed amendments to the basis for conclusion to IFRS 1 *First Time Adoption of International Financial Reporting Standards* as they do not meet the assessment criteria (i.e., clarifying) for addressing issues through the annual improvements process. We believe that the standard is already clear that the reference in paragraph 7 to "IFRS effective at the end of its first reporting period" refers to both an existing standard and a standard that is not yet mandatory but that can be adopted early. This is particularly clear when read in conjunction with paragraph 8, which states that an entity may apply a new IFRS that is not yet mandatory and where early adoption is permitted.

IFRS 3

We support the proposed amendments to IFRS 3 *Business Combinations*. The changes to the definition of Joint Venture resulting from IFRS 11 *Joint Arrangements* should have resulted in a conforming change to IFRS 3. The proposed amendment will eliminate any unintended consequences.

Chairman Standard Chartered Bank (Hong Kong) Ltd
Vice Chairmen Bank of China (Hong Kong) Ltd
The Hongkong and Shanghai Banking Corporation Ltd
Secretary Boey Wong

1

主席渣打銀行(香港)有限公司
副主席中國銀行(香港)有限公司
香港上海滙豐銀行有限公司
秘書黃凱儀

RECEIVED
HKICPA

2013 JAN 30 PM 12:07

IFRS 13

We support the proposed amendments to IFRS 13 *Fair Value Measurement*. The portfolio exception should include all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*.

IAS 40

We support the proposed amendments to IAS 40 *Investment Property*. We agree that IFRS 3 and IAS 40 are not mutually exclusive. The proposal will serve to clarify this.

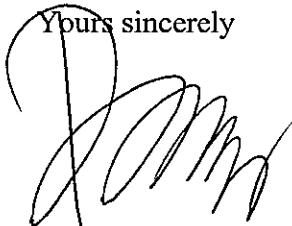
Question 2

Do you agree with the proposed transitional provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We support the transition provisions and effective dates in the Exposure Draft.

We hope you would find our above comments useful. Should you have any questions, please do not hesitate to contact our Senior Business Manager, Ms Caris Wan at 2521 1855.

Yours sincerely



Boey Wong
Secretary