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14 February 2014

By post and email: [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk)

Mr. Simon Riley  
Director, Standard Setting  
Hong Kong Institute of Certified Public Accountants  
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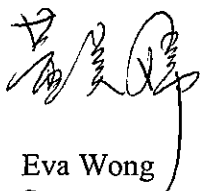
Dear Mr. Riley

**IASB's Exposure Draft of Annual Improvements to IFRSs 2012 - 2014 Cycle**

We refer to your letter dated 2 January 2014 inviting our comments on the International Accounting Standards Board's Exposure Draft of Annual Improvements to International Financial Reporting Standards 2012 - 2014 Cycle.

Our comments on the specific questions raised in the exposure draft are attached. Should you have any questions, please do not hesitate to contact our Assistant Manager Mr. Timothy Tam at 2526 6080.

Yours sincerely



Eva Wong  
Secretary

Enc.

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

1

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秘書 黃美嫦



**Annex – HKAB’s responses to specific questions in the IASB’s Exposure Draft of Annual Improvements to IFRSs 2012 - 2014 Cycle**

**Proposed amendment to IFRS 5 – Changes in methods of disposal**

We agree with the proposed amendment.

**Proposed amendments to IFRS 7 – Servicing contracts**

We agree with the proposed amendments.

**Proposed amendments to IFRS 7 - Applicability of the amendments to IFRS 7 to condensed interim financial statements**

We agree with the proposed amendments.

**Proposed amendment to IAS 19 – Discount rate: regional market issue**

We agree that the issue needs clarifications under the current requirements.

We note that in June 2005, the Interpretations Committee made an agenda decision that in determining the discount rate, an entity shall include high quality corporate bonds issued by entities operating in other countries, provided that these bonds are issued in that currency in which the benefits are to be paid. The proposed amendments seek to reiterate an earlier view made by the Interpretations Committee.

However, a consequence of this amendment is that for a liability expressed in euro, the deepness of the market of high quality corporate bonds should be assessed at the Eurozone level. There may be circumstances that a country discount rate is more appropriate for a particular underlying pension plan. We wonder whether there have already been adequate debate and research on the implications of assessing discount rates at currency level as opposed to country level and therefore suggest the IASB to reassess such implications.

**Proposed amendment to IAS 34 – Disclosure of information ‘elsewhere in the interim financial report’**

We agree with the proposed amendment. However, the proposed amendment requires that the disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to the other part of the interim financial report that is available to users of the interim financial statements on the same terms as the interim financial statements and at the same time. We believe “same terms” refer to consistent terms used across the entire interim financial report which would not lead to confusion to the users of the financial statements. A definition of “same terms” may be considered if there is another interpretation.