

1st User Workshop for IFRS financial statements in Hong Kong

Dear Sir/Madam

We would like to invite you to our workshop which will be held in Hong Kong on 28th February. This will be the first attempt for us to organise a workshop in Hong Kong to which your participation would be highly appreciated.

We have been holding user workshops in Japan for two years. This is a unique event in which users of the financial statements (ie investors and analysts) take leadership with support by the IFRS Foundation's Asia-Oceania office. We generally select topics for discussion from our day-to-day issues which users face when analysing IFRS financial statements. Topics of our past workshops include "missing definition of operating income", "Why ROE is a matter?", "Difficulties in IFRS 9 *Financial Instruments*", "Extended auditor's report". Most of those topics relate to disclosure. While the main purpose of the workshop is to share our day-to-day problem with other users, we also aim to send a message to International Accounting Standards Board (IASB) and make "input" to the IASB's projects to improve the company's disclosure.

Now we would like to expand this activity to other jurisdictions and make it more regional. The Hong Kong Institute of Certified Public Accountants (HKICPA) kindly cooperates with us and help us host the workshop in Hong Kong. While communication among investors in the same region benefits us, it is also interest of standard setters to understand our needs in financial reporting.

Date & Time: 28th February 15:00-16:30

Place: HKICPA (See Map)

37/F, Wu Chung House 213 Queen's Road East Wanchai, Hong Kong

Purpose: Sharing today's issues in financial reporting to help better understanding the corporate value

Agenda:

1. IASB current project "Better communication"
2. Introduction of previous workshops in Japan (see table1)

We will choose one or two topics from the past workshops in Japan, explain the issues, our views and IASB's comments. Most of them relate to difficulty in understanding corporate value and

risks.

3. Discussion -

- a Same or similar issue exists in Hong Kong? (if possible, use Hong Kong company's financial data)
- b Other important financial reporting in Hong Kong?

Reference:

<https://www.arx.cfa/post/What-is-the-role-of-Balance-Sheet-Thinking-toward-Primary-Financial-Statement-project-2702.html>

[MAP]

37/F, Wu Chung House 213 Queen's Road East Wanchai, Hong Kong. HKICPA's board room

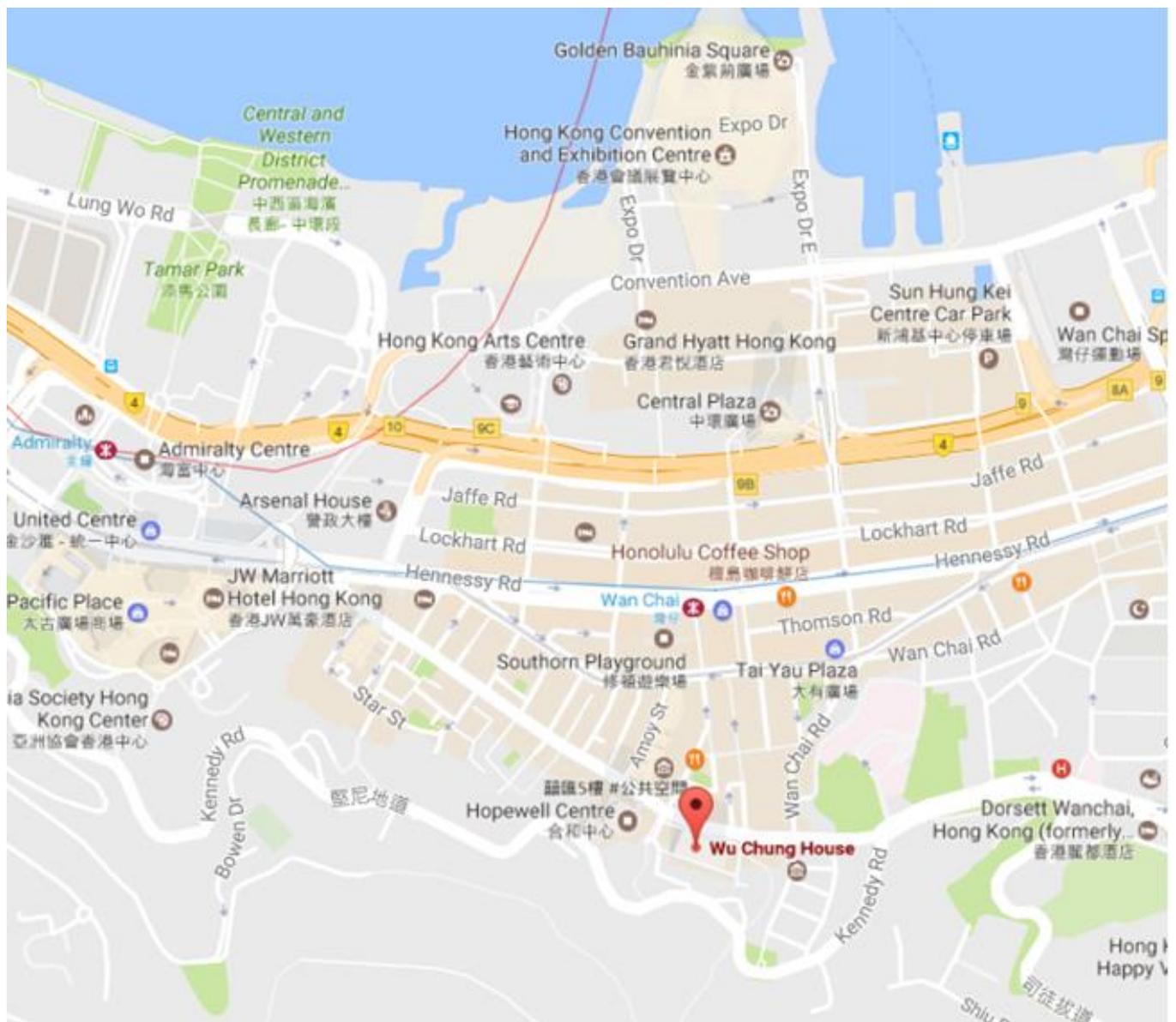


Table 1: Previous Discussion in Japan

	Date	Theme	Finding
3	April 2015	Exposure draft to amend IAS7 <i>Statement of Cash Flow</i>	Problem is that Standard is not clear on how company should disclose.
4	June 2015	Disclosure of "Operating income" Nature of Expense is difficult to understand.	There are different types of operating income and IFRS does not define it
5	Sep 2015	How analysts can /cannot find bad sign of the company's operation in the financial statements (using Toshiba case)	In today's financial statements, what information is missing or insufficient in order to find a bad sign of the company's operation/financial condition? Importance of STP when distributing financial data to the markets.
6	Nov 2015	Role of ROE	Necessity to define ROE. How can we find "R"? How about "E"?
7	Jan 2016	For response to "Taxonomy Due process", issues related to translation.	Standards do not guarantee understandability of financial statements. The needs for disclosure regulation.
8	May 2016	Missing important items (Liquidity order? Nature expense?)	Company and standards-setter don't understand how investors use financial statements. Need more communication.
9	Sep 2016	Relation between BS and Notes (using example of disclosure of Other financial assets)	There is no consistency on how items in BS are disclosed in Notes. Classification under IFRS9 is different from what IAS1 requires and that has made it difficult to evaluate company's value
10	Dec 2016	Extended Auditors report	IFRS requires disclosure of important management judgment and estimate but in reality they are sometimes not disclosed. Introduction of extended auditor's report may encourage company to disclose them.