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The Hong Kong and China Gas Company Limited

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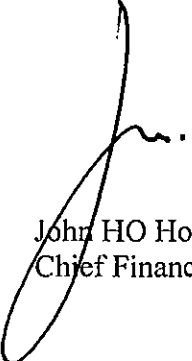
2nd June 2017

Dear Sir/Madam

Comment on IASB Exposure Draft ED/2017/2 Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)

Referring to the invitation dated 3 April 2017 by the Financial Reporting Standards Committee on the IASB Exposure Draft ED/2017/2, we are pleased to provide our comments and responses in the attached. Please do not hesitate to contact us if you require further clarifications on our comments.

Yours faithfully



John HO Hon Ming
Chief Financial Officer and Company Secretary

Encl.

c.c. Ms Winnie Chan, Mr Martin Yip, Mr Stephen Wong and Ms Angel Tam



Comments on Improvements to IFRS 8 Operating Segments

Exposure Draft ED/2017/2

Responses to Questions

Question 1

We agree with the proposed amendments to the description of the chief operating decision maker in paragraphs 7, 7A and 7B of IFRS 8.

However, we suggest removing the requirement in paragraph 22(c) that an entity shall disclose the title and description of the role of the individual or the group identified as the chief operating decision maker.

In our opinion, the nature of the financial figures (e.g. the segment results, the assets and liabilities used by different segments) will help the users to analyze the financial statement. However, the title and the role description of the chief operating decision maker is not directly relevant information in analyzing the segment result. The information disclosed also may be a duplication with other parts of the annual report.

Question 2

For (a), we disagree with the requirement to disclose how and why the segments are inconsistent in financial statements and other parts of the annual reporting package. The management may tailor-made different reports to different users (eg. Shareholders, credit agencies, institutional investors) based on their needs. All reports are consistent with the financial information disclosed in the annual report. We do not think further explanation was needed.

For (b), we suggest replacing the term “if and only if” with “if” under the aggregation criteria in paragraph 12A. Under the revised standard, the entity can only aggregate two or more operating segments if and only if it can satisfy all requirements listed by 12(a) to 12(c). It overrides the management’s judgment on segment aggregation, and by doing so, the segment results may not be consistent to the management’s original view.

Question 3

We agree with the proposed amendment in paragraph 20A that additional information may be disclosed if that helps the entity to meet the core principle in paragraphs 1 and 20 of IFRS 8. As it would provide a better understanding to the users on the entity's business and operations.

Question 4

We agree with the proposed amendment in paragraph 28A to describe the reconciling items in sufficient detail to enable users of the financial statements to understand the nature of these items, so as to make sure the information and figures are consistent and accurate.

Question 5

We agree with the proposed amendment in IAS 34 to require that after a change in the composition of an entity's reportable segments, in the first interim report the entity shall present restated segment information for all interim periods both of the current financial year and of prior financial years.

The End
