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7 August 2009

Mr Steve Ong  
Director, Standard Setting  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

(Fax: 2865 6776)

Dear Mr Ong,

### **Invitation to Comment on IASB discussion documents**

Thank you for your letter of 10 July 2009 on the captioned subject.

#### ***IASB Discussion Paper on Credit Risk in Liability Measurement***

We welcome the publication of the discussion paper prepared for the IASB by its staff on credit risk in liability measurement and the alternative approaches to liability measurement other than fair value. As there are common arguments for and against including credit risk in measuring liabilities, we consider that it is premature to give useful and constructive comments on this issue at this stage.

***IASB Request for Information (“Expected Loss Model”) Impairment of Financial Assets:  
Expected Cash Flow Approach***

We support the work of the IASB to improve the reporting requirements on the impairment of financial assets. We note that the proposed expected cash flow approach is likely to present certain application challenges. It may be useful to examine the feasibility of modifying the expected cash flow approach to include an option of disclosing the effects of future expected credit losses in the form of notes to the financial statements.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Chu", with a long, sweeping underline.

(John Chu)  
for Director of Audit