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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom
December 20, 2009

Subject: IASB Exposure Draft on Improvements to IFRSs

Dear Sirs:

BDO China Li Xin Da Hua CPA Co., Ltd. is the only member firm of BDO international in North China. We are happy to have the opportunity to provide you with our comments on the Exposure Draft.

We generally agree the proposed amendments addressed in the Annual Improvements Project except for the IFRS 1 First time Adoption of IFRSs—Revaluation as deemed cost

We strongly support the Board's proposal to broaden an existing exemption to a first time adopter for an event-driven revaluation that occurred during its first set of IFRS financial statements and permit its retrospective application as accounting policy changes. We believe the proposed amendments appropriately addressed the practical issues being faced in China and other new emergency and transitional countries. In this countries, revaluation some or all assets and liabilities is required for stated owned enterprises when these enterprises are being privatized or undergoing IPO. We strongly believe that revaluation deemed cost is more relevant and accurate than original book cost as many assets may have little or no cost under the government property granted free of charge to the SOEs. In order to improve the proposal, we make the following suggestions for your consideration.

First the applicable scope is not only limited to privatization and IPO situations, it must be applicable to all the statutory revaluation situations according to the laws and regulations. If there is a statutory revaluation, the revaluation value approved by the relevant government authority, for example Sated owned Assets Supervision and Administration Commission, Ministry of Finance, is deemed cost.

Second we don't agree to include the reference to paragraphs D5-D7. Because paragraphs D5-D7 are only specific to PPE, investment property and intangible assets, while paragraph D8 aims to apply to all assets and liabilities. In fact, in most cases the



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revaluation includes all assets and liabilities, not only PPE, investment property and intangible assets.

Finally we suggest that the adjustment arising from the revaluation should be recognized under equity as paid in capital surplus and can be used to increase paid in capital.

If you have any questions or doubts on our comments, please do not hesitate to contact me on jf@bj.pcpa.com.cn

Yours sincerely,

Ji Feng
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BDO China Li Xin Da Hua CPA Co.