恒基兆業地產有限公司
HENDERSON LAND DEVELOPMENT COMPANY LIMITED

31 July 2012

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Attention : Ms. Winnie Chan
Standard Setting Manager

Dear Sirs,

Invitation to Comment on the IASB Exposure Draft of Proposed Improvements to IFRSs (Fifth Set)

We refer to your letter dated 9 May 2012 in relation to the subject matter.

We are pleased to share our views on the proposed improvements to IFRSs as follows :

1) IFRS 2 Share-based Payment

We have no objection to the proposed amendment to clarify the definition of "vesting condition" and to separately define a "performance condition" and a "service condition".

2) IFRS 3 Business Combination

We have no objection to the proposed amendment to clarify contingent consideration to be assessed as either a liability or an equity instrument only on the basis of the requirements of *IAS 32 Financial Instruments : Presentation.*

3) IFRS 8 Operating Segments

We consider that significant operating segment would generally be reported separately. The aggregation criteria in paragraph 12 and the quantitative method in paragraph 13

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of IFRS 8 already provide sufficient guidelines to an entity and management in determining the disclosure on operating segments. The requirement in paragraph 22(a) that disclosure of factors used to identify the entity's reportable segments is already sufficient for management to exercise judgment on the information to be disclosed. Additional disclosure required in paragraph 22(aa) on the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics (e.g. profit margin spreads, sales growth rates etc) would only give rise to confusion to financial statement readers on the reasons of aggregation when the numeric indicators are not comparable or fluctuate annually.

Hence, we disagree with the proposal.

4) IFRS 13 Fair Value Measurement

We have no objection to the proposed amendment to Basis for Conclusions in relation to short term receivables and payables.

5) IAS 1 Presentation of Financial Statements

We have no objection to the proposed amendment to clarify that the existing loan facility should only be classified as non-current provided that (i) the borrowing entity (and not the lender) has the discretion to refinance or roll over the loan for at least the next 12 months after the balance sheet date; and (ii) the loan facility is with the same lender and on the same or similar terms.

6) IAS 7 Statement of Cash Flows

We have no objection to the proposed amendment that payment of capitalized interest should accord with the classification of the underlying asset to which the interest expenses were capitalized.

7) IAS 12 Income Taxes

We consider that the assessment of income taxes and the related tax effect of a deductible temporary difference are logically subject to the restriction on utilization of tax loss under tax law. Discussion on factors to be considered for recognizing deferred tax assets for unrealized losses should be focused on whether an entity, as a whole, has sufficient taxable temporary differences and future probable taxable profits to utilize the available losses, rather than by restricting the utilization of losses to be only deductible against profits of a specific type.

Hence, we disagree with the proposal.

8) IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

We are unable to have a thorough understanding about the proposed amendments given the current drafting and have no comments thereon.

9) IAS 24 Related Party Disclosures

We consider that in the event where a management entity is a third-party service provider running project for the reporting entity and in relation to which the management entity may second its key management staff to the reporting entity and in return for which the reporting entity will pay a service fee to the management entity, then full disclosure of such related party identities and transactions by a reporting entity may not be desirable, particularly in the circumstances where the same management entity provides similar secondment services to a number of other reporting entities within the same industry sector, because there will be concerns over commercial sensitivity among the reporting entities who are competitors within the same industry sector.

Hence, we disagree with the proposal.

10) IAS 36 Impairment of Assets

We have no objection to the proposed amendment to harmonize the disclosures for value in use and fair value less cost to sell.

The above comments are submitted for consideration by the Standard Setting Department only and not to be made available for public review.

Yours faithfully,

Timon Liu
Company Secretary