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26 July 2012

By email: commentletters@hkicpa.org.hk & post

Ms. Selene Ho
Associate Director, Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
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Wanchai
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Dear Selene

International Accounting Standards Board's Exposure Draft of Proposed Improvements to IFRSs (Fifth Set)

Thank you for your letter dated 9 May 2012 inviting our comments on the IASB's Exposure Draft of Proposed Improvements to IFRSs (Fifth Set). On behalf of our members, we would like to set out our comments as follows:

IFRS 2 Share-based payment: Definitions of vesting conditions

We agree to the proposed amendment to IFRS 2 and support the separate definitions of "performance condition" and "service condition" from the definition of a "vesting condition" as it adds clarity to the definition of "vesting condition" and gives a clearer description for each condition.

However, we note that the wording "*specified vesting condition*" has been repeated under paragraph 19. We suggest that the wording could be amended as follows to reflect the proposed changes to the definitions in question.

Paragraph 19: "*A grant of equity instruments might be conditional upon satisfying a specified vesting service condition or specified vesting performance condition.*"

IFRS 3 Business Combinations (and its consequential amendment to IFRS 9): Accounting for contingent consideration in a business combination

We agree to the proposed amendment to IFRS 3 because it removes the conflict with the requirement to subsequently measure contingent consideration at fair value. However, we suggest a consequential amendment to IAS 39 so that

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Vice Chairmen Bank of China (Hong Kong) Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary Ronie Mak

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秘書 麥依敏



reporting entities that do not apply IFRS 9 early will also benefit from this improvement.

IFRS 3 Fair Value Measurement: Short-term receivables and payables

We do not see there is a necessity to amend the Basis of Conclusions when the issue in question is simple and should be well-understood. The materiality assessment is always a principle when applying an accounting policy. As such, we do not consider amending the Basis of Conclusions is necessary.

We hope you would find our comments useful. Should you have any questions, please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ronie Mak", written in a cursive style.

Ronie Mak
Secretary