



28 August 2009

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

Dear Mr Ong

IASB Exposure Draft of Proposed Amendments to IAS 32 – Classification of Rights Issues – Response to Invitation to Comment

We appreciate the opportunity to respond to your invitation to comment on the IASB Exposure Draft of Proposed Amendments to IAS 32 – Classification of Rights Issues.

We support the IASB's efforts to provide guidance on accounting for a call option, such as a rights issue, that would entitle the holder to receive a fixed number of the entity's own equity instruments when the price is fixed in a currency other than the entity's functional currency.

Under the current practice as set out in IAS 32.11(b)(ii) and IAS 32.16(b)(ii) an entity that fixes the exercise price of the rights issued in a foreign currency (because the entity is listed or operated in one or more jurisdictions where the local currency is not the entity's functional currency), the entity would not be able to demonstrate that it is issuing a fixed number of the equity's own instruments for a fixed amount of cash and therefore would lead to the conclusion that such issues are derivative liabilities and must be measured at fair value. Under the derivative liability classification, the liabilities would have been re-measured at fair value with movements in fair value recognised in the income statement from the inception date of the offer until the exercise of the rights.

We believe the liability classification under the current practice for such rights issues is not consistent with the overall substance of the transaction. The rights issue is a transaction with an entity's owners in their capacity as owners, and should be accounted for in shareholders' equity to reflect the substance of the transaction. Many entities have shareholders in many jurisdictions and it is becoming increasingly common place to raise equity via rights issues in multiple currencies. We are supportive of the proposal that if such rights are issued pro-rata to existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. By extension, we believe that any new issue of shares provided that it is a transaction to raise new equity should be accounted for in shareholders' equity to reflect the substance of the transaction regardless of the currency of the issue as many entities are listed in more than one jurisdiction.

RECEIVED
28 AUG 2009

..../2

BY: W. W. W. W. 4 = 35 p.m.

Letter to Mr Steve Ong, Director, Standard Setting
Hong Kong Institute of Certified Public Accountants
28 August 2009
Page 2



We have no other substantive comments on the amendments proposed in the exposure draft. If you have any questions about our comments, please contact the undersigned at 2128 1224.

Yours sincerely
For and on behalf of
Hutchison Whampoa Limited

A handwritten signature in blue ink that reads 'Kwan Cheung' with a stylized flourish at the end.

Kwan Cheung
Head Of Group Financial Reporting & Planning, Group Accounts

CCK/el

cc. Don J Roberts
Edith Shih
Charles Cheung

Bc:data\ltr\cck\09-078