

Comment received from e-questionnaire (IASB ED 10)

| a [Name:] | a [Organisation:] | c [HKICPA Membership No.]: | 1 |
|-----------|-------------------|----------------------------|--|
| | | | <p>Do you think that the proposed control definition could be applied to all entities within the scope of IAS 27 as well as those within the scope of SIC-12? If not, what are the application difficulties?</p> |
| | | | <p>Yes. SIC-12 IN PART ONLY, CONSIDERATION IN OTHER PROPERTY AND TRUST INTERESTS AS TO PRIVATE AND PUBLIC PROPERTY RIGHT SUCH AS POSESSION, ATTACHMENT, TRANSFER, CHARGE IN COMMON LAW ETC. CONSIDERATION OR ISSUE TO PROTECTION OF SUCH RIGHTS IN HKSAR BASIC LAW? Apportment of such rights and jurisdicion? Excessive disclosure by jurisdictions and basis in the issues to injustice or prejudice or illegality or no public interest? Control importance in the causes to no doubt.</p> |

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| a [Name:] | 2 | 3 | 4 |
|-----------|--|---|---|
| | <p>Is the control principle as articulated in the draft IFRS an appropriate basis for consolidation?</p> | <p>Are the requirements and guidance regarding the assessment of control sufficient to enable the consistent application of the control definition? If not, why not? What additional guidance is needed or what guidance should be removed?</p> | <p>Do you agree with the Board's proposals regarding options and convertible instruments when assessing control of an entity? If not, please describe in what situations, if any, you think that options or convertible instruments would give the option holder the power to direct the activities of an entity.</p> |
| | <p>Yes.</p> | <p>Yes.</p> | <p>yes.</p> |
| | <p>PRC CAS be sufficient. Liberty or auto discretion in the case?</p> | <p>Assessment in party to party basis, contract appointment to no assessment. Assessment against public interest or public administration only? Equality in procedure!</p> | <p>based on fair and equitable grounds. based on principles in civil law based on administrative reasons Paid option holder be the rule to participation in the US case law.</p> |

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| a [Name:] | 5 | 6 | 7 |
|-----------|--|---|--|
| | <p>Do you agree with the Board's proposals for situations in which a party holds voting rights both directly and on behalf of other parties as an agent? If not, please describe the circumstances in which the proposals would lead to an inappropriate consolidation outcome.</p> | <p>Do you agree with the definition of a structured entity in paragraph 30 of the draft IFRS? If not, how would you describe or define such an entity?</p> | <p>Are the requirements and guidance regarding the assessment of control of a structured entity in paragraphs 30–38 of the draft IFRS sufficient to enable consistent application of the control definition? If not, why not? What additional guidance is needed?</p> |
| | <p>Yes. Agency or trust relationship within constitution or contract to variation of legal effects. res judicata or opposition evidence.</p> | <p>yes. Exclusion provisions be sufficient not adequate?</p> | <p>Yes. Exclusion provisions must be stated.</p> |

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| a [Name:] | 8 | 9 | 10 |
|-----------|--|---|---|
| | <p>Should the IFRS on consolidated financial statements include a risks and rewards 'fall back' test? If so, what level of variability of returns should be the basis for the test and why? Please state how you would calculate the variability of returns and why you believe it is appropriate to have an exception to the principle that consolidation is on the basis of control.</p> | <p>Do the proposed disclosure requirements described in paragraph 23 provide decision-useful information? Please identify any disclosure requirements that you think should be removed from, or added to, the draft IFRS.</p> | <p>Do you think that reporting entities will, or should, have available the information to meet the disclosure requirements? Please identify those requirements with which you believe it will be difficult for reporting entities to comply, or that are likely to impose significant costs on reporting entities.</p> |
| | <p>Don's suggest to include. as a matter of agreed fact about risk and reward in party to party basis.</p> | <p>N/A Disclosure be truth. Useless disclosure to abuse of process or wasted costs. Statement of value on party to party basis.</p> | <p>N/A auditors' reliance to accounting system or legal disclosure in Sch. 10 or 11 only or indemnity costs.</p> |

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| a [Name:] | 11 | 12 | |
|-----------|---|--|--|
| | <p>(a) Do you think that reputational risk is an appropriate basis for consolidation? If so, please describe how it meets the definition of control and how such a basis of consolidation might work in practice. (b) Do you think that the proposed disclosures in paragraph B47 are sufficient? If not, how should they be enhanced?</p> | <p>Do you think that the Board should consider the definition of significant influence and the use of the equity method with a view to developing proposals as part of a separate project that might address the concerns raised relating to IAS 28?</p> | |
| | <p>a) No b) Yes.</p> | <p>Yes, agree</p> | |
| | <p>Risk or benefit not to subjectivity or irrelevancy or in necessity basis only. rulings.</p> | <p>Undue influence not conclusive. Principles of PRC civil law demands paid consideration to good standing.</p> | |