



24 December 2007

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF PROPOSED
AMENDMENTS TO IFRS 2 *SHARE-BASED PAYMENT* AND IFRIC 11 *IFRS 2
GROUP AND TREASURY SHARE TRANSACTIONS – GROUP CASH-
SETTLED SHARE-BASED PAYMENT TRANSACTIONS***

Comments to be received by 25 February 2008

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php.

The Exposure Draft proposes to provide guidance on how a group entity that receives goods or services from its suppliers (including employees) should account for the following arrangements, known as group cash-settled share-based payment transactions:

- Arrangement 1 – the entity's suppliers will receive cash payments that are linked to the price of the equity instruments of the entity.
- Arrangement 2 – the entity's suppliers will receive cash payments that are linked to the price of the equity instruments of the entity's parent.

Under either arrangement, the entity's parent has an obligation to make the required cash payments to the entity's suppliers. The entity itself does not have any obligation to make such payments.

The proposed amendment to IFRS 2 clarifies that IFRS 2 applies to such arrangements even if the entity that receives goods or services from its suppliers has no obligation to make the required share-based cash payments. The proposed amendment to IFRIC 11 specifies that the entity should measure the goods or services in accordance with the requirements for cash-settled share-based payment transactions.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party and the FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IASB Exposure Draft.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IASB Exposure Draft to be considered, they are requested to be received by the Institute on or before **25 February 2008**.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Comments may be sent by mail, fax or e-mail to:

Patricia McBride
Executive Director
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Fax number (+852) 2865 6776
E-mail: commentletters@hkipa.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.