



Minutes of the 426th Meeting of the Auditing and Assurance Standards Committee

Date: Thursday, 26 June 2025 at 8:30 a.m.

Location: Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (and via videoconference)

Present: Mr. Paul Hebditch (Chairman) (dial-in)
Mr. Louis Lau (Deputy Chairman) (dial-in)
Mr. Ivan Au (dial-in)
Mr. Ivan Chan (dial-in)
Prof. Koon-Hung Chan (dial-in)
Ms. Elaine Chang (dial-in)
Mr. Tony Ching (dial-in)
Ms. Caroline Chiu (dial-in)
Mr. Deric Chiu (dial-in)
Mr. Tony Leung (dial-in)
Mr. Charbon Lo (dial-in)
Ms. Joan Ng (dial-in)
Mr. William Wong (dial-in)
Ms. Winnie Yau (dial-in)

In attendance of paragraph 3276 only) Mr. William Gee, Member of Virtual Assets Reporting Advisory Panel

In attendance: Ms. Cecilia Kwei, Director, Standard Setting (SS)
Ms. Selene Ho, Deputy Director, SS
Ms. Grace Lau, Associate Director, SS
Ms. Cherry Yau, Associate Director, SS
Ms. Phoebe To, Manager, SS

Observer: Ms. Lily Rui, Accounting and Financial Reporting Council
Mr. Alan Ip, Accounting and Financial Reporting Council (for paragraph 3276)

3276. Updates from the Virtual Assets Reporting Advisory Panel

Action

A member of the Virtual Assets Reporting Advisory Panel (AP) provided an update on its ongoing activities. Following further discussions with the Hong Kong Monetary Authority (HKMA), the AP will proceed with developing a practice note to support auditor reporting for stablecoin issuers under the HKMA's regulatory regime. The member of AP reported the following matters:

- The proposed auditor's reporting will be a reasonable assurance engagement under HKSAA 3000 (Revised) on the issuer's attestation report. This approach differs from the Institute's existing practice notes and circulars

for regulatory reporting, which typically report on standardized forms completed by regulated entities.

- Following further clarification, the HKMA acknowledged the rationale for including disclaimer language in the auditor's report and is open to its inclusion.
- In May, the HKMA issued 'Draft Guideline on Supervision of Licensed Stablecoin Issuers' (draft guideline) for public consultation, open until 30 June. The draft guideline requires licensed issuers to engage a qualified and independent auditor to perform attestation in specific areas. These guidelines will inform the development of the practice note, and the AP will seek further clarification from the HKMA regarding their expectations.
- Due to timing constraints, SSD will not submit a comment letter on the HKMA's draft guideline; however, AP members will provide comments on behalf of their respective firms.
- The HKMA has indicated that the requirement for attestation reports will commence in January 2026, but the start date and frequency of reporting will vary among issuers. The HKMA also acknowledged that the Institute's practice note may not be available by the time attestation is required, and auditors may proceed with reporting in accordance with HKSAE 3000 (Revised).

The Committee noted and agreed with the matters reported by the member of AP. The AP will continue to engage with the HKMA and will keep the Committee informed on the development of the practice note.

3277. Minutes of the 425th meeting

The Committee approved the minutes of the 425th meeting.

3278. Work plan status report and update from working groups

The Committee considered the report and noted the progress of various projects.

3279. IAASB's Exposure Draft on Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

The Committee considered the draft comments and approved for submission to the IAASB by 24 July, subject to a comment raised by a member suggesting to clarify the definition of accounting and auditing field in the context of identifying an auditor's expert under ISA 620, *Using the Work of an Auditor's Expert*.

[Post-meeting note: The revised comment letter incorporating the member's comment was circulated to the Committee on 3 July. The approved comment letter was submitted to the IAASB on 18 July and is available [here](#).]

3280. Issuance of HKSA 570 (Revised 2024), *Going Concern*

The Committee considered the proposed HKSA 570 (Revised 2024), *Going Concern* including conforming and consequential amendments to other Hong Kong Standards on Auditing (HKSAAs). HKSA 570 (Revised 2024) is converged from ISA 570 (Revised 2024) issued by the International Auditing and Assurance Standards Board, with localized guidance incorporated to reflect local reporting practices. Additionally, the Committee considered the accompanying Key Impact Analysis, which summarizes the major changes from the extant standard and highlights their key impacts for auditors when applying HKSA 570 (Revised 2024) in audit engagements.

After deliberation, the Committee approved HKSA 570 (Revised 2024) and the accompanying Key Impact Analysis, subject to editorial amendments discussed during the meeting. The Committee further agreed on the proposed implementation activities to facilitate the rollout of the standard subject to resource availability.

[Post-meeting note: The finalized HKSA 570 (Revised 2024) and Key Impact Analysis were circulated to the Committee on 10 July. They were issued on 23 July in Members' Handbook Update [No. 331](#) and are available [here](#).]

3281. IAASB Joint Jurisdictional Standard Setters (JSS) meeting

The Committee noted the participation of SS staff at the IAASB JSS meeting held in May and received an update on key topics discussed. SSD will keep the Committee posted on any significant developments in the key projects of the IAASB.

3282. Update on PN 820, *The Audit of Licensed Corporations and Associated Entities of Intermediaries*

SSD reported to the Committee that in the closed-door meeting on 25 June between the chair and a member of Securities Regulatory Advisory Panel, the Accounting and Financial Reporting Council (AFRC) and SSD staff, it was mutually understood that:

- Practice Notes (PNs) are not prescriptive rules or checklists, but rather principle-based guidance and best practices.
- Practitioners are expected to exercise professional judgment in performing the engagements in accordance with the relevant auditing and assurance frameworks, legislations and the guidance set out in the PNs.
- No further revision to PN 820 for paragraph 66 will be made.

In light of the mutual understanding, and SSD's current priorities which include the development of the proposed guidance for the stablecoin regime and the Public Interest Entities Phase 2 project under the Ethics Committee, SSD proposed and the Committee approved (a) that no further revision to be made to paragraph 66 of PN 820 and (b) formally close the project.

3283. Update on AATB 5, Environmental, Social and Governance (ESG) Assurance Reporting

The Committee considered the recommendations provided by the Sustainability Assurance Advisory Panel (SAAP), and approved the following actions for the SAAP:

- To update AATB 5 for the enhanced disclosure requirements under the HKEX ESG Reporting Code and provide specific guidance, where applicable.
- Not to update AATB 5 for any HKSSA 5000 requirements as AATB 5 is developed based on HKSAE 3000 and continues to apply to assurance engagements related to the HKEX ESG Reporting Code for the periods ending 31 December 2025 and 2026.
- Not to incorporate the revised AATB 5 (containing the disclosure requirements under the enhanced HKEX ESG Reporting Code) as an appendix to HKSSA 5000 as the HKEX ESG Reporting Code does not impose any reporting obligations for the auditors and it will be not meaningful to include those in the sustainability assurance standard.
- To monitor the sustainability assurance project and consider the need to revise AATB 5 or develop other non-authoritative guidance to provide practical, locally relevant guidance on the requirements of HKSSA 5000 once the sustainability assurance regulatory regime has been finalized.

3284. Proposed agenda for Annual Auditing Update Conference 2025

The Committee noted that the Annual Auditing Update Conference is scheduled for the morning of 18 October and will take place in virtual or hybrid format. The Committee considered the proposed topics and agreed that they are appropriate for the conference. SSD invited the Committee members to nominate suitable speakers for the conference.

3285. Nominations to the Investment Funds Regulatory Advisory Panel

The Committee reviewed the nominations to the Investment Funds Regulatory Advisory Panel and determined that the competencies and expertise of the proposed nominees were appropriate and approved the nominations.

3286. Any other business

- SSD provided an overview of the Ethics Committee's Discussion Paper (DP) on Phase 2 of the proposed revisions to the definitions of a public interest entity (PIE) in the HKICPA *Code of Ethics for Professional Accountants*. Committee members were invited to submit written comments on the proposals outlined in the DP by 31 July.
- The next meeting will be held on 30 July and the Committee was requested to suggest any agenda items by 9 July.

There being no further business, the meeting closed at 9:55 a.m.

PAUL HEBDITCH
CHAIRMAN

23 July 2025