

Minutes of the 427th Meeting of the Auditing and Assurance Standards Committee

Date: Wednesday, 30 July 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)
 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)

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

Apologies: Prof. Koon-Hung Chan
 Ms. Winnie Yau

Observer: Ms. Lily Rui, Accounting and Financial Reporting Council (AFRC)
 Ms. Tammy Lai, AFRC

3287. Minutes of the 426th meeting

The Committee approved the minutes of the 426th meeting.

3288. Work plan status report and update from working groups

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

3289. IAASB's Request for Information

The Committee considered the proposed responses to the IAASB's Request for Information ("RFI") and approved for submission, subject to include in the RFI, (i) findings relating to audit of accounting estimates as reported in the AFRC's 2024-25 Inspection Report; and (ii) editorial amendments.

Action

[Post meeting note: The revised RFI was circulated to the Committee for review on 30 July and was submitted to the IAASB on 5 August.]

3290. IAASB project to revise ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity

The Committee noted the IAASB's project proposal to revise ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The Committee agreed to assign a 'Medium' priority to this project based on the following considerations:

- Clarification of principles: The project aims to clarify the principles and concepts of ISRE 2410, aligning them with the International Framework for Assurance Engagements and relevant concepts from ISRE 2400 (Revised) and other IAASB standards.
- Impact on auditors: While the project may introduce new requirements or application materials related to ISRE 2410, it is not expected to significantly impact auditors applying ISRE 2410. This is due to the fact that the auditor performing the review of interim financial information is also the auditor of the entity who possess the relevant understanding required by other IAASB standards from their existing audits.
- Application of HKSRE 2410 in Hong Kong: The Main Board and GEM Listing Rules do not require that interim financial information be reviewed by an independent auditor. Consequently, the application of HKSRE 2410 in Hong Kong is not considered mandatory.

Following this categorization, the Committee agreed on the proposed activities related to the IAASB's consultation. They also noted the IAASB's timetable for revising ISRE 2410. An exposure draft on the revised ISRE 2410 is anticipated in 2026, with a final pronouncement expected in 2027.

3291. Proposed HKSSA 5000 Frequently Asked Questions

The Committee considered the proposed frequently asked questions (FAQs) for HKSSA 5000 and approved them for publication, subject to a few editorial amendments. In addition, in response to the Committee enquiries, SSD clarified that:

- The "local regulatory framework" refers to the regulatory framework for sustainability assurance which the AFRC is expected to release for public consultation in 2025.
- The "Code" refers to Part 5 of the *Code of Ethics for Professional Accountants*. It contains the provisions of the Code related to sustainability assurance engagements which will be released in 2025.
- Earlier application is permitted for HKSSA 5000. Practitioners who adopt HKSSA 5000 ahead of its effective date will also be required to comply with the provisions of the Code related to sustainability assurance engagements.

The Committee also noted that a new question to promote the adoption of HKSSA 5000 (the new FAQ) will be prepared by SSD for the Committee's review by circulation in due course.

[Post-meeting notes:

1. *The revised FAQs were circulated to the Committee for review on 1 August. The FAQs were published on 4 August and is available [here](#).*
2. *The new FAQ was circulated to the Committee for review on 13 August. The new FAQ was published on 27 August and is available [here](#).]*

3292. Proposed revisions to AATB 5, ESG Assurance Reporting

The Committee noted that the revisions to AATB 5 will contain two batches – the first batch relates to the amendments that align the extant AATB 5 with the HKEX's ESG Reporting Code; the second batch relates to assurance guidance specific to the identified topics under new Part D "Climate-Related Disclosures" of the HKEX's ESG Reporting Code.

The Committee considered and approved the proposed first batch of revisions. The Committee also noted that the second batch revisions is under development by the Sustainability Assurance Advisory Panel (SAAP) Drafting Team and will be circulated to the Committee and SAAP for comments in August.

[Post-meeting note: The second batch revisions were circulated to the Committee and SAAP for comments on 4 August.]

3293. Update on PN 830 (Revised), Reports by the Auditor under the Banking Ordinance

SSD reported to the Committee that the Banking Regulatory Advisory Panel (BRAP) identified and proposed certain clarification changes to PN 830, *Reports by the Auditor under the Banking Ordinance* since its last revamp in 2018.

The Committee reviewed the proposed changes and suggested the BRAP to clarify the proposed revisions relating to materiality and reporting. SSD will further discuss the comments received with the BRAP and report back to the Committee in due course.

[Post-meeting note: BRAP considered the comments from the Committee. A revised draft PN and a revised timeline were circulated to the Committee on 18 August for fatal flaws comments. No comments were received from the Committee and the draft revised PN was sent to the HKMA on 26 August for comments until 25 September.]

3294. Proposed illustrative auditor's report for reporting on the Environment and Conversation Fund project

The Committee received an update on the progress in developing the illustrative auditor's report for reporting on the ECF project. The Committee reviewed the draft illustrative auditor's report, along with the ECF's draft accounting policies and notes for auditors, and provided comments. SSD also shared with the

Committee the feedback on these documents from the General Reporting Advisory Panel and SSD's responses. SSD will revise these documents based on the comments received and will further communicate with the ECF to finalize these documents for the Committee's consideration in due course.

3295. Nomination to the Producer Responsibility Schemes (PRS) Reporting Task Force and update on PRS for plastic beverage containers and beverage cartons

The Committee reviewed the nomination to the PRS Reporting Task Force and determined that the competency and expertise of the proposed nominee were appropriate and approved the nomination.

SSD updated the Committee on the new PRS project related to the plastic beverage containers and beverage cartons. The Committee noted that the SSD has made a request to the regulator to share details of the proposed auditing requirements for consideration but this has not yet been provided as of the Committee meeting date. SSD further proposed and the Committee agreed to share the updated project information with the PRS Task Force after the meeting and seek their inputs in due course.

3296. Updates from the HKSA for LCE Advisory Panel

The Committee received updates from the HKSA for LCE Advisory Panel (AP) on its activities. The Committee noted and agreed with the AP's plans to support the implementation of the *Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (HKSA for LCE) through:

- Updating relevant practice notes and FAQs to include illustrative engagement letters and audit opinions under the HKSA for LCE, specifically for financial statements prepared using the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS).
- Exploring the development of an audit manual for applying the HKSA for LCE.
- Providing training sessions focused on the HKSA for LCE.

3297. Updates from the Virtual Assets Reporting Advisory Panel

The Committee received updates from the Virtual Assets Reporting Advisory Panel (VRAP) on its ongoing activities. The VRAP will proceed with the development of a practice note to support auditor reporting for stablecoin issuers under the regulatory regime for stablecoin issuers of the Hong Kong Monetary Authority (HKMA). Key points from the update include:

- The project timetable was discussed, with the practice note expected to be released in April 2026. The effective date will be set for twelve months after issuance, with early adoption allowed. The HKMA 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 reviewed the proposed outline of the practice note. It was noted that VRAP members and staff from the Standard Setting Department will draft the respective sections.
- Following further clarification, the HKMA acknowledged the rationale for including disclaimer language in the auditor's report and is open to its inclusion.
- The HKMA clarified that financial audits on reserve assets is part of the annual audit of the issuer's financial statements, rather than a separate assurance engagement.

3298. Any other business

- Committee members were reminded to submit written comments on 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* by 31 July. To facilitate the PIE project, they were also reminded to respond to the information request regarding corporations licensed by the Securities and Futures Commission audited by their firms by 15 August.
- The next meeting will be held on 11 September and the Committee was requested to suggest any agenda items by 20 August.

There being no further business, the meeting closed at 9:50 a.m.

PAUL HEBDITCH
CHAIRMAN

4 September 2025