



**Minutes of the 429<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee**

Date: Wednesday, 22 October 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. 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: 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: Mr. Louis Lau (Deputy Chairman)

Observer: Ms. Lily Rui, Accounting and Financial Reporting Council (AFRC)  
Mr. Logos Lee, AFRC

**3310. Minutes of the 428<sup>th</sup> meeting**

The Committee approved the minutes of the 428th meeting.

**3311. Work plan status report and update from working groups**

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

**3312. Update from the IAASB Technology Quality Management Roundtable**

In October, SSD staff participated in the International Auditing and Assurance Standards Board (IAASB) Technology Quality Management Roundtable held in Kuala Lumpur. The roundtable brought together practitioners, regulators,

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standard setters, and audit software developers to explore the impact of artificial intelligence (AI) on quality management in audits. Discussions focused on the use and expected application of emerging technologies, particularly AI tools such as Generative AI, in audit engagements. Participants also shared the successes and challenges in applying ISQM 1 and ISA 220 (Revised) to emerging technological tools that exhibit opaque, non-deterministic or adaptive behavior, as well as perspectives from regulators, audit committee members, investors and other users of external reporting, and academics on how AI should be quality managed to support trust in engagements. Overall, there was support for developing non-authoritative materials, such as best practices and frequently asked questions, to assist in managing the quality of emerging technologies including the use of AI tools in audit and assurance engagements. The IAASB will conclude the remaining roundtables, summarize findings, and present plans at the December 2025 IAASB meeting.

**3313. Issuance of HKSA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements***

The Committee considered the proposed HKSA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* Including Conforming and Consequential Amendments to Other Hong Kong Standards, and the accompanying Key Impact Analysis, which summarizes the major changes from the extant standard and highlights their key impacts for auditors when applying HKSA 240 (Revised) in audit engagements.

A member enquired whether any guidance could be provided to assist small and medium-sized practices in transitioning to the revised standard, such as updating the Audit Practice Manual (APM). SS responded that the Key Impact Analysis was developed to help practitioners better understand the key changes in requirements and their implications in audit engagements. As for the APM, it would be discussed under a later item at the meeting.

Subject to editorial amendments, the Committee approved to issue HKSA 240 (Revised) and the accompanying Key Impact Analysis. The Committee further agreed on the proposed implementation activities to facilitate the rollout of the standard subject to resource availability.

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*[Post-meeting note: HKSA 240 (Revised) and Key Impact Analysis were issued on 28 October in Members' Handbook Update [No. 334](#) and are available [here](#).]*

**3314. Issuance of AATB 5 (Revised), *ESG Assurance Reporting***

The Committee noted that the consultation on the exposure draft of the proposed AATB 5 (Revised) closed on 12 October. The Committee considered the comments received from the consultation and the revised AATB 5 incorporating the editorial comments, and approved it for issuance.

*[Post-meeting note: The final pronouncement of the AATB 5 (Revised) was issued on 28 October and is available [here](#).]*

**3315. Update on PN 830 (Revised), Reports by the Auditor under the Banking Ordinance**

SSD reported to the Committee that the regulator's comments on the proposed draft of PN 830 (Revised) are under review by the Banking Regulatory Advisory Panel (BRAP) and will be discussed at its next meeting in late October. BRAP will also consider the next steps, including the timeline for the revisions to PN 830 (Revised) at this meeting. SSD will keep the Committee informed of further developments of PN 830 (Revised).

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**3316. Update from the Virtual Assets Reporting Advisory Panel**

The Virtual Assets Reporting Advisory Panel (VARAP) reconvened in late September to discuss the drafting process of a practice note aimed at supporting auditor reporting under the Hong Kong Monetary Authority's (HKMA) regulatory regime for stablecoin issuers. During that meeting, VARAP members exchanged feedback on each other's initial drafts and identified areas requiring further clarification with the HKMA. As a result, some members required additional time to revise the first draft based on these comments, and extra time was allocated for review. This resulted in an adjustment to the timeline for developing the practice note. The Committee acknowledged and approved the updated timetable for the practice note's development.

**3317. Update on the development of the Institute's audit manuals**

SSD proposed amendments to the Terms of Reference (TOR) for the Audit Practice Manual (APM) Advisory Panel to expand the panel's scope. This expansion includes the review of an audit manual tailored for the *Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (HKSA for LCE), in addition to the panel's existing TOR that supports the development of the APM for audit engagements performed under the Hong Kong Standards on Auditing (HKSA). This change aims to support the Institute's consideration of developing a tailored audit manual for the HKSA for LCE. The Committee approved the proposed amendments to the TOR.

SSD also provided updates on the planned maintenance of the APM in response to recent changes in auditing standards. In the short term, the Institute will consider updates to the APM to address the publication of HKSA 240 (Revised) and HKSA 570 (Revised 2024), both of which will be effective for audits of financial statements for periods beginning on or after 15 December 2026. In the longer term, substantial changes to auditing standards are anticipated from ongoing IAASB projects, specifically the 'Audit Evidence and Risk Response' and 'ISA 500-Series' projects, which are expected to be finalized in December 2027 or later. SSD will monitor the developments of auditing standards and evaluate approaches for integrating relevant updates of HKSA into the APM.

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**3318. Any other business**

SSD expressed gratitude to the chairman and the committee members for chairing and presenting at the Annual Auditing Update Conference held on 18 October.

The next meeting will be held on 12 November and the Committee was requested

to suggest any agenda items as early as possible.

There being no further business, the meeting closed at 9:20 a.m.

PAUL HEBDITCH  
CHAIRMAN

5 December 2025