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

Minutes of the 432nd Meeting of the Auditing and Assurance Standards Committee

Date: Thursday, 12 February 2026 at 9:00 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. Louis Lau (Chairman)
Mr. Ivan Au (Deputy Chairman)
Ms. Elaine Chang (dial-in)
Ms. Caroline Chiu
Mr. Deric Chiu (dial-in)
Mr. Tony Leung (dial-in)
Mr. Michael Li (dial-in)
Mr. Charbon Lo
Ms. Joan Ng (dial-in)
Ms. Wing Tam (dial-in)
Ms. Angela Tsang (dial-in)
Mr. William Wong (dial-in)
Ms. Winnie Yau (dial-in)

In attendance:
Ms. Cecilia Kwei, Director, Standard Setting Department (SSD)
Ms. Selene Ho, Deputy Director, SSD
Ms. Shiro Lam, Associate Director, SSD
Ms. Grace Lau, Associate Director, SSD
Mr. Anthony Wong, Associate Director, SSD
Ms. Cherry Yau, Associate Director, SSD
Ms. Phoebe To, Manager, SSD

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

Action

3346. Minutes of the 431st meeting

The Committee approved the minutes of the 431st meeting.

3347. Work plan status report and update from working groups

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

3348. Prioritization of IAASB and IESBA strategies and work plans for the 2028–2031 period

The Committee noted the joint Global Stakeholder Survey conducted by the International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA). This survey will inform the development of their 2028–2031 Strategies and Work Plans (SWPs).

The Committee agreed to classify the survey as a medium priority project for inclusion in the Committee's work plan for the following reasons:

- The SWPs will influence the nature, volume and timing of future IAASB and IESBA standard setting activities that the Institute will need to consider and adopt.

- The project is strategic rather than technical and aligns with the "medium" category of projects requiring stakeholder input on the direction of potential standard setting initiatives.

The Committee considered and agreed with SSD's proposed plan, including issuing Invitations to Comment (ITC) and conducting targeted outreach.

3349. <u>Prioritization of IAASB project on post-implementation review of ISA 540 (Revised), *Auditing Accounting Estimates*</u>

The Committee noted that the IAASB will release a public consultation survey on its post-implementation review (PIR) of ISA 540 (Revised) project for public comment in mid-February 2026. This consultation is to gain a deeper understanding of the perceived benefits and implementation challenges relating to the standard.

The Committee agreed that this project is a high priority project as the PIR has the same priority as the underlying standards, based on the SSD's Standard Operating Procedure. The Committee approved to solicit stakeholder feedback through an ITC and conduct targeted outreach.

Additionally, the Committee was requested to provide input on the public consultation survey, which will be incorporated into the Institute's submission to the IAASB.

3350. <u>Prioritization of IAASB project on maintenance of the ISA for LCE (Maintenance Project)</u>

The Committee noted that the Maintenance Project aims to update ISA for LCE for the revisions resulting from the following recently completed ISA projects:

- ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;

- ISA 570 (Revised 2024), *Going Concern*;

- The narrow scope amendments to the ISAs as a result of the revisions to the definitions of listed entity and public interest entity in the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)*; and

- The narrow scope amendments to IAASB Standards arising from the IESBA's using the work of an external expert project.

Given the narrow scope and limited extent of the proposed changes to the ISA for LCE, the Committee approved assigning a "medium" priority to the project and endorsed the proposed activities to solicit stakeholders' feedback, including issuing an ITC and conduct targeted outreach.

3351. <u>Updates from the Virtual Assets Reporting Advisory Panel</u>

SSD provided an update on the development of the proposed Practice Note (PN) 831, *Reporting on Reserve Assets of Licensed Stablecoin Issuers under the Stablecoins Ordinance*. The Committee deliberated on the challenges faced by auditors in assessing whether marketable debt securities held as reserve assets by licensed stablecoin issuers meet the 'high liquidity' criterion specified by the Hong Kong Monetary Authority (HKMA), noting the absence of objective evaluation criteria. While the inclusion of an Other Matter paragraph in the auditor's report was proposed to highlight this limitation, the Committee made the following recommendations: SSD

- Collaborate with the HKMA to develop objective criteria to support auditors in evaluating the liquidity of marketable debt securities.

- Seek clarification on the HKMA's review process in respect of the licensees' marketable debt securities, including the timing and frequency of their review as well as whether and how the liquidity status of such securities might change over time.

- Confirm with the HKMA whether a protocol between the HKMA and the licensees to evidence the latter's marketable debt securities meet the high liquidity criterion.

The Committee approved the proposed PN 831 for a one-month public consultation, with any outstanding matters to be addressed during the Committee's post-consultation deliberation process.

[Post-meeting note: Proposed PN 831 was released for public consultation on 3 March and is available here.]

3352. <u>Educational publication 'Auditing and Ethics Considerations for 2025 Year-end Audits'</u>

The Committee reviewed the proposed educational publication *Auditing and Ethics Considerations for 2025 Year-end Audits*. It provides guidance on recently effective auditing and ethical standards, as well as emerging topics including those identified through regulatory inspection findings. Following the review, the Committee approved the publication for release.

The Committee agreed to circulate the publication to subscribers of the Institute's Audit Practice Manual (APM) to draw their attention to the need to tailor the APM appropriately to the latest professional requirements, including those discussed in the publication.

[Post-meeting note: The educational publication was issued on 26 February and is available here. The publication was circulated to subscribers of the APM on 16 March.]

3353. Technical training offerings on audit and assurance

The Committee reviewed the proposed technical training plan for auditing and assurance, which was developed in response to recent standard-setting developments and participant feedback from the Institute's technical training sessions in 2025. Following the review, the Committee approved the training plan and was requested to nominate speakers to deliver these sessions.

Additionally, the Committee recommended assessing the need for further training sessions on virtual asset topics once the relevant guidance has been finalized.

3354. Proposed audit training curriculum

Following the Committee's comments at the previous meeting, the audit training curriculum has been revised to categorize auditing and assurance training sessions according to the functional roles of auditors—namely leadership, review and monitoring, and execution of procedures—with illustrative auditor job titles mapped to the respective functional roles. The Committee agreed to the revised curriculum structure.

[Post-meeting note: The proposed audit training curriculum was circulated to the Small and Medium Practices Committee on 12 February and Professional Development Committee for comments on 23 February and 9 March. It was finalized and published on 26 March and is available here.]

3355. Nominations for the Investment Circular Reporting Advisory Panel and Virtual Assets Reporting Advisory Panel

The Committee reviewed the nomination to the Investment Circular Reporting Advisory Panel and Virtual Assets Reporting Advisory Panel, and determined that the competency and expertise of the proposed nominees are appropriate and approved the nominations.

3356. Comment letter on the Insurance Authority's draft revised GL 17 Guideline on Reinsurance

The Committee considered the draft comment letter prepared by SSD with the Insurance Regulatory Advisory Panel, and approved for submitting it to the Insurance Authority.

[Post-meeting note: The comment letter was submitted to the Insurance Authority on 13 February.]

3357. FAQs on HKSA 700 (Revised)

The Committee noted the draft FAQs on HKSA 700 (Revised) were updated to include the definition of digital signatures and other editorial changes aligning

with the Electronic Transactions Ordinance (Cap. 553). The Committee considered the updated FAQs appropriate and approved them for posting to the HKICPA's website.

[Post-meeting note: The FAQs on HKSA 700 (Revised) were released on 13 February and are available here].

3358. Any other business

- The Committee noted that the SOP applies to both auditing and ethics. Following the Ethics Committee's (EC) recommendation received after the AASC's meeting, the SOP was updated to clarify that some procedures relating to groups apply to AASC only and that the EC may determine its application to the EC's groups, where appropriate.

- The next meeting will be held on 16 March and the Committee was requested to suggest any agenda items by 23 February.

There being no further business, the meeting closed at 10:15 a.m.

LOUIS LAU
CHAIRMAN

21 April 2026