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

Minutes of the 433rd Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 21 April 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 (dial-in)
Ms. Joan Ng (dial-in)
Ms. Wing Tam (dial-in)
Ms. Angela Tsang
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
Mr. Selwyn Wong, Deputy 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. Tammy Lai, Accounting and Financial Reporting Council

Action

3359. Minutes of the 432nd meeting

The Committee approved the minutes of the 432nd meeting.

3360. Work plan status report and update from working groups

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

3361. Narrow-Scope Amendments to Hong Kong Engagement Standards Arising from the Project on Using the Work of an External Expert (Expert-NSA)

The Committee considered the Expert-NSA converged from the International Auditing and Assurance Standards Board (IAASB). The amendments respond to the International Ethics Standards Board for Accountants' (IESBA) recently approved revisions to its *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which introduced,

among other provisions, explicit ethical requirements for using the work of external experts in audit, assurance, and non-assurance engagements. No impact analysis had been prepared as the project was classified as medium priority. The Committee approved the issuance of the Expert-NSA and the proposed implementation support.

[Post-meeting note: The Expert-NSA was issued on 23 April in Members' Handbook Update No. 343 and is available here.]

3362. Update on outreach activities for the Joint Survey on IAASB's and IESBA's Strategies and Work Plans for the 2028–2031 period

The Committee noted the update on the outreach activities relating to the Joint Survey conducted by the IAASB and the IESBA (SSBs), which will inform the development of their Strategies and Work Plans for the 2028–2031 period.

The Committee noted that SSD had issued a local Invitation to Comment and that, as of the meeting date, comments had been received from two AASC members, and two public submissions from external stakeholders, neither of which raised any specific comments. The draft responses had been prepared taking into account comments received to date from the AASC and other stakeholders.

The Committee reviewed and provided comments on the draft responses to the Joint Survey and, in particular, agreed with the earlier comments made by an Ethics Committee member that, among the top five trends for the SSBs to consider in the next strategy period, the increasing use of emerging technologies should be ranked higher than digital assets.

Subject to incorporation of the Committee's comments, SSD will circulate the final draft submission for the Committee's approval in late April, with a view to submit the final responses to the IAASB and IESBA by 15 May. SSD

[Post-meeting note: The draft submission was circulated to the Committee for approval on 28 April 2026 and was submitted to the IAASB and IESBA on 14 May 2026.]

3363. IAASB's project proposal on Targeted Revisions to the ISA 500 Series

The Committee considered the IAASB's project proposal on targeted revisions to ISA 501, *Audit Evidence – Specific Considerations for Selected Items* and ISA 505, *External Confirmations*. In light of the project's objective to modernize these standards to reflect evolving business and audit environments, and to strengthen consistent application and professional skepticism in obtaining and evaluating audit evidence, the Committee approved classifying the project as high priority. The Committee also approved the proposed amendments to the terms of reference of the Audit Evidence and Risk Response Advisory Panel to support this standard-setting project.

3364. IAASB-Jurisdictional Standard Setters Meeting

The Committee noted the agenda for the upcoming IAASB-JSS meeting scheduled for 29 April, and members were encouraged to provide comments on the respective projects.

3365. Updates on Implementation Support Initiatives for the HKSA for LCE

The Committee received an update on implementation support initiatives for the *Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (HKSA for LCE). It noted that development of an audit methodology manual tailored to the HKSA for LCE is progressing as planned, with a multi-layered review process involving SSD staff and advisory panel members currently underway. The manual is expected to be finalized by the end of 2026.

3366. Updates from the Virtual Assets Reporting Advisory Panel

The Committee noted that the public consultation on the proposed Practice Note (PN) 831, *Reporting on Reserve Assets of Licensed Stablecoin Issuers under the Stablecoins Ordinance*, had concluded and the written submissions received. It further noted the Virtual Assets Reporting Advisory Panel's (VARAP) deliberations on the comments received and concurred with the VARAP's views, among others, to:

- retain the proposed guidance in relation to the high-liquidity attributes of marketable debt securities held by licensees as reserve assets; and
- specify in PN 831 that it was developed in consultation with the Hong Kong Monetary Authority (HKMA).

SSD and the VARP will prepare a post-consultation draft of PN 831 and will circulate it to the HKMA for review, before being submitted to the Committee for consideration and approval in due course. SSD

3367. Update on PN 830 (Revised), *Reports by the Auditor under the Banking Ordinance*

The Committee noted the progress of the project and did not have comments on the latest draft of revised PN. This draft is also under review by the regulator, and any comments will be further discussed by the Banking Regulatory Advisory Panel.

3368. Circular on Reporting under Rule 4.2 and Rule 4.4 relating to Net Asset Requirement, Rule 4.6 relating to Investment Requirements and Rule 6.2 relating to Portfolio Maintenance Requirements of the New Capital Investment Entrant Scheme (CIES Circular)

The Committee considered the revised CIES Circular, which was updated for the enhanced new measures launched by the InvestHK. These revised measures were effective from 1 March 2026. SSD will circulate the latest draft of the revised CIES Circular for the Committee's approval after incorporating the outstanding information from InvestHK. SSD

[Post meeting note: The latest draft of the revised CIES Circular was circulated to the Committee for approval on 27 April. The final revised CIES Circular was issued on 8 May and is available here.]

3369. Any other business

The next meeting will be held on 19 May and the Committee was requested to suggest any agenda items by 27 April.

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

LOUIS LAU
CHAIRMAN

19 May 2026