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

Minutes of the 435th Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 16 June 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) (dial-in)
Mr. Ivan Au (Deputy Chairman)
Ms. Elaine Chang (dial-in)
Ms. Caroline Chiu (dial-in)
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 (dial-in)
Ms. Carrie Lau (dial-in)

Apologies: Ms. Winnie Yau

In attendance:
Ms. Elaine Chung, Executive Director
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
Ms. Phoebe To, Manager, SSD

Observer: Mr. Logos Lee, Accounting and Financial Reporting Council

Action

3380. Minutes of the 434th meeting

The Committee approved the minutes of the 434th meeting.

3381. Work plan status report and update from working groups

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

3382. Updates on the HKSA for LCE Audit Manual

The Committee received an update on the development of the audit methodology manual for the *Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (HKSA for LCE). It noted the revised project timeline, which provided additional time for the preparation and review of the second draft, with a target for finalisation and release in 2026.

The Committee discussed the methodological differences between the LCE audit manual and the Institute's Audit Practice Manual (APM) for HKSAs engagements. It emphasized the importance of clear communication with stakeholders to manage expectations and to explain the distinctions between the two manuals.

The Committee also noted broad support for including a case study to illustrate the application of the LCE audit manual and suggested that this be further considered by the HKSA for LCE Advisory Panel.

3383. Proposed Audit Guide on Digital Assets

The Committee considered a proposed non-authoritative guide for auditors of digital asset-related businesses (Guide), which outlined common auditing challenges and recommended audit responses. It noted that the guide had been reviewed by the Virtual Assets Reporting Advisory Panel (VARAP) and that VARAP's comments had been incorporated. The Committee approved the guide in principle, subject to any further comments from VARAP.

[Post-meeting note: On 30 June, the proposed Guide was revised to incorporate comments received from the regulator and a VARAP member. The revised draft was subsequently circulated to the Committee and VARAP for a final fatal flaw review. No further comments were received by the 3 July deadline. The Guide was published on 6 July and is available here.]

3384. Proposed revisions to PN 820 (Revised), *The Audit of Licensed Corporations and Associated Entities of Intermediaries*

The Committee noted the progress of the project on the proposed revision to PN 820 (Revised) and approved its categorisation for inclusion in the AASC's work plan as a medium-priority project. It noted the objective of providing guidance to practitioners on compliance reporting matters relating to Virtual Asset Trading Platform licensees and licensed corporations providing dealing services in digital assets. The Committee also agreed with the proposed project timeline.

3385. Updates on the indicative revisions to the APM and approve proposed project categorisation

The Committee noted that the APM 2027 update primarily covered HKSA 240 (Revised) and HKSA 570 (Revised 2024), effective for audits of financial statements for periods beginning on or after 15 December 2026. It also noted the proposed two-phase update: Phase 1 targeted for release in the Q4 2026 and Phase 2 in Q2 2027.

The Committee further noted that the update will be undertaken in-house by the SSD, supported by a three-layer review process involving SSD, the APM Advisory Panel and the Committee, with an external IT vendor engaged at the final stage to review the functionality of the updated excel-based audit programmes. It also noted the Institute's retention of intellectual property rights, emphasised the need to observe copyright requirements, and highlighted pricing considerations for APM 2027.

The Committee approved the project categorisation as a high-priority project, together with the proposed scope, approach, training arrangements, and execution plan.

3386. <u>Any other business</u>

The next meeting will be held on 14 July and the Committee was requested to suggest any agenda items by 22 June.

There being no further business, the meeting closed at 10:18 a.m.

LOUIS LAU
CHAIRMAN

14 July 2026