



Minutes of the 271st meeting of the Ethics Committee held on Friday, 14 November 2025 at 12:30 p.m. in 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 video conference)

- Present: Ms. Mary Xuereb (Chair)
Mr. Dacky Leung (Deputy Chair) (Dial-in)
Mr. Horace Ma (Deputy Chair) (Dial-in)
Ms. Cecilia Yam (Dial-in)
Mr. Dennis Chan (Dial-in)
Ms. Elly Chui (Dial-in)
Mr. Eric Hung (Dial-in)
Ms. Elaine Kwong (Dial-in)
Mr. Rudolf Leung (Dial-in)
Ms. Winnie Leung
Mr. Charbon Lo
Mr. Ricky Wong (Dial-in)
- In attendance: Mr. Chris Joy, Head of International
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
- Observer: Ms. Lily Rui, Accounting and Financial Reporting Council (AFRC)
Ms. Fion Hung, AFRC
- Apologies: Mr. Hubert Wong

Action

2013. Minutes of the 270th meeting

The Committee approved the minutes of the 270th meeting.

2014. Work Plan Status Report

The Committee considered the report and noted the progress of various projects, including the commencement of the triannual post-implementation review of the HKICPA *Code of Ethics for Professional Accountants* (the Code) to identify implementation issues, and the biannual review to determine necessary updates to the Code in line with local legislative and regulatory developments. Findings from both reviews are scheduled to be presented at the December meeting. Additionally, contributions from committee members were acknowledged, including presentations delivered at the inaugural Ethics Conference.

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2015. Update on Phase 2 of the public interest entity (PIE) definition project

The Committee received a summary and analysis of stakeholders' feedback on the PIE Phase 2 Discussion Paper. This included a review of written submissions,

stakeholder engagement activities, and comments from the AFRC. Based on the latest developments, the Committee deliberated and agreed on the classification of various categories of entity in the Code.

The Committee proposed that the following entities be classified as PIEs in the Code:

- A recognised exchange company under the Securities and Futures Ordinance (SFO)
- A recognised clearing house under the SFO
- A company that provides interbank clearing and settlement services in Hong Kong
- A stored value facility licensee within the meaning of the Payment Systems and Stored Value Facilities Ordinance
- An entity that receives annual government subventions exceeding HK\$2 billion of government grants recognised in the profit and loss statements in accordance with the applicable financial reporting standards in the financial year immediately preceding the financial year being audited by reference to the relevant audited financial statements, except for entities where there is no statutory requirement for an audit to be performed

The Committee also proposed the following:

- Deferral of the PIE classification decision for a fund authorised by the Securities and Futures Commission (SFC), subject to developments in PIE classification of collective investment vehicles (CIV) for auditor independence purposes in key CIV jurisdictions and changes in the onshore/offshore fund composition in the Hong Kong fund market. The deferral will be reconsidered during the local triennial post-implementation reviews of the Code conducted by SS taking into account significant developments such as when the ratio of onshore/offshore fund composition reaches a certain threshold or when key CIV jurisdictions classify CIV as PIEs for auditor independence purposes.
- Exclusion of charitable organisations from PIE classification in the Code. While sizable charities would be addressed through government subvention criteria, other PIE factors—such as nature of services and number of stakeholders—cannot be evaluated due to insufficient public information across charities in Hong Kong. The Committee also considered the International Ethics Standards Board for Accountants' (IESBA) observation that there is a public interest in ensuring a charity's funds are spent on its charitable objectives and not on administration.¹ The Committee noted that this focus does not relate to the financial condition of a charity for PIE classification for auditor's independence purposes.

The Committee noted that a meeting with regulators and stakeholders is scheduled to discuss the PIE proposal for corporations licensed by the SFC. The discussion will explore the information sharing between the SFC and the Institute for the PIE project and whether a formal protocol between the two parties is necessary. It was agreed that the approach to PIE classification for licensed corporations will be deliberated based on the outcomes of this discussion.

Recognising the need for ongoing stakeholder engagement and potential further refinement, the Committee agreed on a revised stakeholder engagement plan and

¹ See Page 11, [IESBA Proposed Definition of Public Interest Entity: Supplementary Guidance to Exposure Draft to Aid Local Body Considerations Regarding Adoption and Implementation](#) (March 2021)

timetable to ensure adequate time for outreach activities and preparation of the public consultation.

The Committee reflected on the experience from the PIE project and acknowledged the importance of robust planning—particularly in setting clear and pragmatic timelines and identifying relevant stakeholders—and maintaining effective communication with stakeholders to enhance efficiency in future projects.

2016. Updates from the Ethics Educational Materials Advisory Panel

The Committee reviewed and approved the release of a proposed video clip featuring requirements and case studies on auditor independence. During the discussion, it was suggested that future materials be enhanced by incorporating Chinese subtitles or narrative elements to facilitate wider understanding and engagement for a wider audience.

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The Committee also discussed leveraging social media posts to raise awareness of ethics-related topics and to encourage members to explore relevant resources. Each post will feature an ethics theme and highlight supporting materials such as bite-sized videos, e-learning courses, articles, or guidance developed by the Institute or, where appropriate, by other regulators or professional bodies. The Committee agreed to this approach and recommended releasing social media posts on a monthly basis throughout the year to maintain engagement and relevance.

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In addition, the Committee proposed exploring collaboration with other professional bodies to broaden the scope and enrich the content of available ethics training. To support members in meeting the new CPD requirements, the Committee further recommended increasing the number of two-hour ethics training sessions or webinars, one of which would be the annual Ethics Conference.

2017. Update from the Jurisdictional Standard Setters (JSS) meeting

SS staff attended the IESBA JSS virtual meetings on 3 and 4 November and the joint JSS virtual meeting, co-hosted by the IESBA and the International Auditing and Assurance Standards Board, on 4 November. The Committee received updates from these meetings, which covered discussions on the Firm Culture and Governance project, independence provisions for sustainability assurance engagements outside the scope of Part 5 of the IESBA Code, initiatives concerning the role of CFOs, upcoming post-implementation reviews on non-compliance with laws and regulations (NOCLAR) and the Restructured Code, and the forthcoming joint strategy and work plan consultations. Timelines and expected deliverables for these projects were also noted.

The Committee was informed that the IESBA team will visit Hong Kong in January for outreach activities with local stakeholders and committee members. Invitations for these sessions will be distributed in December.

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2018. Prioritisation of IESBA project on post-implementation review of NOCLAR and the Restructured Code

The Committee received an update on the IESBA's project plan for the post-implementation reviews of NOCLAR and the Restructured Code. The objective of these reviews is to determine whether the NOCLAR provisions and the structure and drafting of the IESBA Code are being consistently understood and

implemented, and to identify any practical challenges in application and determine appropriate actions.

The Committee agreed to assign high priority to this project and approved the scope of outreach activities for the IESBA's consultation scheduled for January 2026.

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2019. Update on observations in AFRC 2024-25 Oversight Report on HKICPA's Performance of Specified Functions

The Committee received an analysis and proposed actions in response to the standard-setting related observations in the AFRC 2024–2025 Oversight Report on HKICPA's Performance of Specified Functions. The Committee agreed to the following:

- Regulator inclusion on the Committee's advisory panels will not be mandated but considered on a case-by-case basis.
- The current update mechanism for the Code is operating effectively.
- The auditing and assurance project prioritisation framework does not apply to the ethics work stream.

The Standard Operating Procedures will be updated accordingly for the Committee's consideration at the first meeting of 2026.

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2020. Any other business

The Committee did not identify any local implementation issues regarding ethical requirements for discussion.

The Committee noted that the next meeting is scheduled for 3 December. Committee members were requested to suggest agenda items.

There being no further business, the meeting closed at 2:28 p.m.

MARY XUEREB
CHAIR

3 December 2025