



Minutes of the 416th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 23 April 2024 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)
Mr. Thomas Wong (Deputy 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
Mr. Louis Lau (dial-in)
Mr. Charbon Lo (dial-in)
Ms. Joan Ng (dial-in)
Mr. William Wong (dial-in)
Ms. Winnie Yau (dial-in)
- In attendance: Mr. Chris Joy, Director
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Observer: Mr. Jason Bradley, Accounting and Financial Reporting Council

3190. Minutes of the 415th meeting

The Committee approved the minutes of the 415th meeting.

3191. Work plan status report and update from working groups

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

3192. Update from the HKSA for LCE Advisory Panel (the "AP")

The Committee discussed and agreed with the AP's proposals regarding the description used in the proposed quantitative threshold and the timeframe for a newly established company to evaluate its use of the proposed HKSA for LCE.

A member raised an application matter for discussion whereby the proposed basis using the last two years might lead to a situation for an audit to be

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performed using the proposed standard in the third year despite exceeding the quantitative thresholds in the third year. The Committee also discussed the application of the proposed quantitative threshold where an entity's reporting period is shorter or longer than a year, and whether intragroup transactions and balances should be eliminated for a parent company preparing a separate financial statements rather than a consolidated financial statements. It was suggested that the identified application issues be summarized for publication as a FAQ document to facilitate local implementation.

3193. IAASB National Standards Setters (“NSS”) meeting

The Committee noted the SSD staff would participate in the IAASB NSS meeting in early May and the presentation materials would be shared by SSD following the Committee's meeting. SSD staff would report to the Committee the key notes from the NSS meeting at the next meeting.

[Post meeting note: The presentation materials for the NSS meeting were circulated to the Committee on 23 April.]

3194. Circular on Reporting under Rule 4.2 and Rule 4.4 relating to Net Asset Requirement and Rule 4.6 relating to Investment Requirement of the New Capital Investment Entrant Scheme (“Circular”)

The Committee considered the revised draft Circular and endorsed it for circulation to InvestHK for finalization. The Committee also recommended that a FAQ on the proposed review of the stub period financial information be developed by InvestHK to assist the applicants and the practitioners performing the engagements to better understand the scheme requirements.

[Post meeting note: The draft Circular was circulated to InvestHK for comments on 24 April.]

3195. Operational procedures for adding local projects onto the Committee work plan

SSD informed the Committee that the approved criteria and procedures for adding new projects onto the Committee's work plan (“New Project Criteria”) would be available on the Institute's website soon.

The Committee agreed (a) the General Reporting Advisory Panel be tasked with the development of supporting materials for preparing HKSAE 3000 and AUP reports and (b) the proposed schedule. Members enquired and SSD responded that:

- The project would fall under “Category C – Project for immediate addition with SSD involvement in technical content” based on the New Project Criteria.
- The chosen topic was identified for training needs.
- The developed materials would be available to both members and other

stakeholders e.g. regulators, engaging parties or recipients of reports, to enhance understanding of the key differences, in particular, when performing and reporting under the two standards.

[Post meeting note: The approved criteria has been added to the Institute's website and is available at <https://www.hkicpa.org.hk/en/Standards-setting/Standards/Members-Handbook-and-Due-Process/Due-Process/Auditing-Assurance.>]

3196. Proposed project on assurance framework for virtual assets

The Committee considered the project initiatives proposed by an expert to meet the needs of the local market. The Committee agreed-in-principle that the project would be classified as “Category B – Project for immediate addition with no SSD involvement” and be added onto the Committee’s work plan subject to understanding the details of the project plan. It was also clarified that SSD would not be involved in developing the technical content of the relevant guidance but would assist in lining initial meeting with the regulator.

Committee members also expressed their interests in inviting the project initiator for a presentation which would enhance their understanding of the proposed assurance framework for virtual assets.

The Committee also proposed to form an advisory panel to work together with the project initiator to develop the proposed guidance. SSD further requested members to nominate experts in assurance reporting and/or virtual assets to participate on the project.

3197. Any other business

The next meeting would be held on 28 May and the Committee was requested to suggest any agenda items by 6 May.

There being no further business, the meeting closed at 9:40 a.m.

PAUL HEBDITCH
CHAIRMAN

6 May 2024