



**Minutes of the 415<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee**

Date: Tuesday, 26 March 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 (dial-in)  
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: Ms. Cecilia Kwei, Director, Standard Setting  
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

**3182. Minutes of the 414<sup>th</sup> meeting**

The Committee approved the minutes of the 414th meeting.

**3183. Work plan status report and update from working groups**

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

**3184. Operational procedures for adding new projects**

The Committee considered the proposals to formalize the operational procedures for adding new projects onto the Committee's work plan and agreed to make the criteria and the procedures available on the Institute's website. The Committee also provided the following comments:

Action

- To consider publishing the list of approved projects that are in the pipeline in order to manage requestors' expectations.
- To consider updating the Committee on the reserve list on a quarterly basis.
- When reviewing the reserve list, to justify whether additional resources are required to meet the needs of the Institute's members.
- Editorial amendments on the criteria for posting on the website.

**3185. Draft comment letter on the IAASB's Exposure Draft on Proposed Narrow Scope Amendments to ISQMs, ISAs and ISRE 2400 (Revised) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code ("narrow-scope amendments")**

The Committee considered the draft comment letter and subject to an editorial comment, the Committee approved for submission to the IAASB by 8 April.

SSD responded to a member's question at the meeting that as part of the Phase 2 of the local refinement to the definition of public interest entities ("PIE") under the Ethics Committee ("EC"), the EC would consider entities beyond those entities currently being consulted in the Phase 1 Exposure Draft, which might result in defining additional categories of PIE in the context of Part 4A in Chapter A of the HKICPA Code. Any additional types of businesses/entities to be categorized as PIEs would be deliberated and approved by the EC after public consultation. Once the Phase 2 of the PIE standard is finalized, those additional types of businesses/entities would be required to comply with the narrow-scope amendments.

*[Post meeting note: The approved comment letter was submitted to the IAASB on 8 April and is available at: [https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/03\\_Our-views/Stdspn/nscope/subpdf\\_hkicpa.pdf](https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/03_Our-views/Stdspn/nscope/subpdf_hkicpa.pdf)]*

**3186. Online survey with regard to the IAASB's Exposure Draft on Proposed ISA 240 (Revised)**

The Committee noted that the questions in the proposed online survey were based on those in the IAASB's Request for Comments. The Committee considered the proposed online survey would facilitate SSD to solicit comments from the interested parties and approved to launch it.

*[Post-meeting note: The online survey had been released on 27 March and is available by clicking [here](#).]*

**3187. Updates and proposals from the HKSA for LCE Advisory Panel (the "AP")**

The Committee agreed with the AP's proposal for the revised quantitative threshold, but recommended providing clarification regarding the terminology

used to describe the threshold.

The Committee also concurred with the AP's recommended time periods for evaluating the quantitative threshold for adopting the proposed HKSA for LCE. Meanwhile, the Committee recommended the AP to further consider the timeframes for assessing the eligibility of a newly established entity to use the proposed HKSA for LCE.

The Committee also noted that meetings with local regulators would be arranged during the consultation period to seek their comments of the proposed HKSA for LCE and requested the AP to consider outreach activities for practitioners at large to seek solicit feedback on the proposals.

**3188. 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 was updated of the edits in the revised draft Circular based on comments received from members prior to the meeting.

The Committee considered the draft Circular and the project timeline were appropriate, subject to (a) the need for clarification with InvestHK regarding the time period of holding other assets or equity; and (b) editorial changes, the Committee endorsed to send the draft Circular to InvestHK for comments.

SSD

*[Post-meeting note: SSD circulated the revised draft Circular to the Committee along with the response regarding the clarification on 27 March. The draft Circular had been subsequently sent to InvestHK for comments.]*

**3189. Any other business**

- SSD presented to the Committee the proposed editorial amendments to the illustrative examples reports in AATB 3, *Implementation Guidance on Revised Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 400, Comfort Letters and Due Diligence Meetings* and the Circular on Reporting for Certification of Funds under Schedule 16D to the Inland Revenue Ordinance (Cap. 112) as a result of the quality management standards becoming effective. The Committee considered and approved the proposed amendments.

*[Post-meeting notes: The revised pronouncements were issued on 28 March and are available at:*

- AATB 3: [https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA-Standards-and-regulation/SSD/03\\_Our-views/TB\\_-\\_Cir/Auditing/ab3c922.pdf](https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA-Standards-and-regulation/SSD/03_Our-views/TB_-_Cir/Auditing/ab3c922.pdf)
  - Circular: [https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA-Standards-and-regulation/SSD/03\\_Our-views/TB\\_-\\_Cir/Auditing/cic.pdf](https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA-Standards-and-regulation/SSD/03_Our-views/TB_-_Cir/Auditing/cic.pdf)
- The next meeting would be held on 23 April and the Committee was

requested to suggest any agenda items by 28 March.

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

PAUL HEBDITCH  
CHAIRMAN

15 April 2024