



**Minutes of the 425<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee**

Date: Wednesday, 30 April 2025 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) (dial-in)  
Mr. Louis Lau (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. Tony Leung (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 (SS)  
Ms. Elaine Chung, Director, Membership and Admission (M&A) (for paragraph 3274)  
Ms. Selene Ho, Deputy Director, SS  
Ms. Spasia Au, Associate Director, M&A (for paragraph 3274)  
Ms. Grace Lau, Associate Director, SS  
Ms. Cherry Yau, Associate Director, SS  
Ms. Phoebe To, Manager, SS  
Ms. Rita Fung, Assistant Manager, M&A (for paragraph 3274)

Observer: Ms. Lily Rui, Accounting and Financial Reporting Council  
Mr. Alan Ip, Accounting and Financial Reporting Council

**3266. Minutes of the 424<sup>th</sup> meeting**

The Committee approved the minutes of the 424<sup>th</sup> meeting.

**3267. Work plan status report and update from working groups**

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

**3268. IAASB project on Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project (Experts NSA)**

Action

The Committee noted the new IAASB project – Experts NSA. They recognized that this project entails narrow scope amendments to four standards (i.e. ISA 620, ISRE 2400 (Revised), ISAE 3000 (Revised) and ISRS 4400 (Revised)) due to the recently approved revisions to the IESBA Code of Ethics for Professional Accountants (including International Independence Standards). Since the project does not involve a full review and revision, and is not intended to amend the principles on which the standards are based, the Committee agreed to assign a ‘Medium’ priority to the project. They also agreed on the proposed activities in response to this IAASB consultation.

*[Post meeting note: The Invitation to Comment as part of the SSD proposed activities was issued on 30 April and is available [here](#).]*

**3269. Revised terms of reference of Investment Funds Regulatory Advisory Panel**

The Investment Funds Regulatory Advisory Panel (IFRAP) proposed, and the Committee approved, a revision to the IFRAP’s terms of reference (TOR) to increase the maximum number of members to ten to consider additional participation from the funds industry and to expand its scope to cover matters to investment funds that are managed/operated in Hong Kong which may include overseas domiciled funds and other private funds/open-ended fund companies.

**3270. Proposed TOR and composition of the Audit Evidence and Risk Response Advisory Panel**

The Committee reviewed the nominations for the Audit Evidence and Risk Response Advisory Panel, which is tasked with supporting the IAASB’s project to revise the foundational auditing standards regarding obtaining and evaluating audit evidence. The Committee determined that the competencies and expertise of the proposed nominees were appropriate and approved the composition of the Advisory Panel. Additionally, the Committee reviewed and approved the TOR for the Advisory Panel.

**3271. Proposed changes to Circular on Reporting under Section 20 of the Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Cap. 603B)**

The Committee reviewed the proposed changes to the Circular on Reporting under Section 20 of the Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Cap. 603B). These updates reflect the enhanced measures of the HKSAR Government’s Producer Responsibility Scheme on Waste Electrical and Electronic Equipment and the corresponding changes to the auditor’s reporting requirements. The Committee approved the revisions to the circular.

A member sought clarification regarding the accessibility of the extant circular. SSD confirmed that the extant circular will remain accessible on the HKICPA website and continue to be effective for auditor’s reports that cover returns with quantities of recycling labels reported by suppliers prior to 1 July 2024.

*[Post-meeting note: The revised circular was published on 23 May and is available [here](#).]*

**3272. Updates from the Virtual Assets Reporting Advisory Panel**

The Virtual Assets Reporting Advisory Panel (AP) provided an update on their progress. The Advisory Panel's current focus is on auditor reporting for stablecoin issuers under the Hong Kong Monetary Authority (HKMA) regulatory regime. Their objective is to develop local guidelines to support this reporting.

The AP has met with the HKMA twice to discuss reporting requirements and understand their expectations. Following these discussions, the AP sought guidance from the Committee on the following matters:

- Whether to develop an illustrative auditor's report under HKSAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* on management assertions prepared by issuers, as preferred by the HKMA. This approach differs from the current practice for regulated entities of reporting on a standardized form where necessary information is completed by regulated entities, as adopted in the Institute's existing practice notes and circulars for regulatory reporting.
- In the auditor's report addressed to the stablecoin issuer, whether to exclude the paragraph regarding the intended users and purpose of the report, as suggested by the HKMA. The Advisory Panel intends to discuss this matter further with them.

The Committee provided the following comments for the AP to consider:

- While reporting on a standardized form ensures focus and consistency in practice, it would be feasible for auditors to report on management assertions presented in a free-format management attestation report, as practiced in other jurisdictions. It would be beneficial if the HKMA could develop standardized expectations for the content of issuers' management reports.
- Under HKSAE 3000, auditors have responsibilities concerning other information in the report. The AP is advised to clarify with the HKMA the scope of the other information to be included and specific management assertions for the auditor's reporting.
- The AP should further engage with the HKMA to understand the rationale behind their proposals. Additionally, the AP is encouraged to emphasize the importance of receiving timely information and updates from the HKMA to facilitate the development of the HKICPA guidelines efficiently.

*[Post-meeting note: Comments from the Committee were communicated with the Advisory Panel on 2 May.]*

**3273. Revised 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 reviewed the proposed changes to the CIES Circular that incorporates guidance on Phase 2 reporting for stage c) portfolio maintenance requirements as set out in the scheme, and provided the following comments:

- To clarify the term “anniversary” used in the guidance.
- To clarify whether InvestHK will provide a standard template for the applicants to fill in the auditor’s contact details as requested by the scheme. Auditors should also be reminded to observe confidentiality regarding any inquiries from InvestHK on the relevant engagements.

It was further clarified in the meeting that the inclusion of the practising certificate (PC) number in the auditor’s report is required by InvestHK. This requirement does not conflict with the Committee’s decision outlined in the Basis for Conclusion on Amendments to HKSA 700 (Revised) issued in March 2025, which clarifies that auditor’s reports not governed by the Companies Ordinance are not subject to mandatory disclosure of the PC number, unless other laws, regulations, or guidelines from a regulatory or governmental body require such disclosure.

*[Post-meeting note: The revised draft CIES Circular was circulated to the Committee for approval on 16 May. The revised CIES Circular was published on 29 May and is available [here](#).]*

**3274. Proposed changes to Continuing Professional Development (CPD) requirements**

The Committee noted the results of the research on the CPD requirements of other accountancy bodies and considered the issues raised by the Management with respect to (i) prescribing ethics as a CPD requirement, (ii) specifying the number of hours of CPD related to accounting and auditing standards for PC holders and/or Responsible Persons of registered Public Interest Entity auditors (RPs of registered PIE auditors), and (iii) considering the recognition of various CPD activities and their capped hours.

The Chair expressed support for prescribing ethics as a CPD requirement and raised questions about whether it needed to be verifiable. In addition, he was concerned about the availability of ethics training courses. The Director of M&A responded by quoting examples of HKICPA ethics courses. For 2025 membership renewal, free CPD courses were offered to members who renewed their membership before the deadline, including one course related to ethics. It was also explained that the Management would continue to provide ethics related CPD courses.

Regarding the proposal for specifying the number of CPD hours related to accounting and auditing standards for PC holders and/or RPs of registered PIE auditors, the Chair considered that while the proposal was acceptable, it should not be overly complicated for members to comply with. A practical and workable framework which balanced the needs should be established.

Some members suggested that the capped CPD hours for HKICPA Authorized Supervisor (AS)/ Counsellor of Authorized Employer (AE) and QP Facilitator should be reduced, as the principle for CPD was professional learning and

development. It was considered that there was some uncertainty regarding the extent of learning and development involved in coaching and mentoring.

Some members expressed concerns regarding capped hours for technical and non-technical committees. Members pointed out that the work of a technical committee involves significant effort. Imposing a cap might undermine the value contributed by its members, which might discourage members' participation in committee work. Members also considered there should be differentiation between technical and non-technical committees when imposing capped CPD hours for the committee work. In addition, a member recommended that when the Management considered changing the CPD requirements, they should consider benchmarks set by other accounting bodies to ensure alignment and not being an outlier. The Management responded that when proposing the changes on CPD requirements, the Institute had taken these benchmark results into account.

**3275. Any other business**

- To support the implementation of *The Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (HKSA for LCE), members working in CPA firms were invited to provide updates to the HKICPA Audit Practice Manual, tailoring it for application in audit engagements conducted under the HKSA for LCE.

*[Post-meeting note: Invitations to provide updates to the HKICPA Audit Practice Manual were emailed to members working in CPA firms on 30 April 2025.]*

- The next meeting will be held on 27 May and the Committee was requested to suggest any agenda items by 6 May.

There being no further business, the meeting closed at 10:20 a.m.

PAUL HEBDITCH  
CHAIRMAN

11 June 2025