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

Minutes of the 428th Meeting of the Auditing and Assurance Standards Committee

Date: Thursday, 11 September 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.	Selene Ho, Deputy Director, SS
	Ms.	Grace Lau, Associate Director, SS
	Ms.	Cherry Yau, Associate Director, SS
	Ms.	Phoebe To, Manager, SS
	Mr.	Sam Chan, Manager, SS
Observer:	Ms.	Tammy Lai, Accounting and Financial Reporting Council (AFRC)
	Mr.	Logos Lee, AFRC

Action

3299. Minutes of the 427th meeting

The Committee approved the minutes of the 427th meeting.

3300. Work plan status report and update from working groups

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

3301. IAASB Technology Quality Management Roundtable

The Committee noted that the SSD staff will participate in the IAASB Technology Quality Management Roundtables in October. Members are requested to provide their input for the roundtable discussions. One member shared initial thoughts on the quality management standards, recommending the inclusion of technologyspecific guidance and raising concerns about data security, documentation for data integrity, and the explainability of AI-generated outputs. Members were encouraged to submit additional comments to SSD for sharing at the IAASB roundtable.

3302. Exposure Draft of AATB 5 (Revised), *ESG Assurance Reporting*

The Committee considered and approved the second batch of revisions to AATB 5 focusing on clarifying assurance procedures on climate-related disclosures and other editorial amendments.

The Committee also approved the release of the exposure draft for a one-month consultation period. Any comments will be presented at the October meeting for the Committee's consideration. SSD

[Post-meeting note: The exposure draft of AATB 5 (Revised) was released for comments on 12 September.]

3303. Updates from the Producer Responsibility Schemes (PRS) Task Force

The Committee noted that the Task Force has reviewed the proposed auditor's reporting requirements and the draft return forms for PRS on Plastic Beverage Containers and Beverage Cartons (PCPRS) prepared by the Environmental Protection Department (EPD) and has provided certain comments. The Committee considered the Task Force's comments and agreed to provide them to the EPD for consideration and further action. The Committee also noted that the drafting of the circular on PCPRS is scheduled to begin in Q4 2026.

[Post-meeting note: The feedback was provided to the EPD on 12 September.]

3304. Illustrative auditor's report for reporting on the Environment and Conservation Fund (ECF) projects

The Committee received an update on the progress in developing the illustrative auditor's report for reporting on ECF projects and reviewed the revised draft illustrative auditor's report, along with the revised ECF's draft accounting policies and notes for auditors. The Committee considered and approved the proposed illustrative auditor's report for reporting on the ECF project.

[Post-meeting note: According to the ECF, the illustrative auditor's report, along with the accounting policies and notes for auditors will be posted on its website at the time of the next fund application, which is tentatively scheduled for Q1 2026.]

3305. Updates from the Insurance Regulatory Advisory Panel

SSD reported to the Committee that the Insurance Regulatory Advisory Panel (IRAP) discussed the need to develop guidance on reporting for Designated Insurance Holding Companies (DIHCs) in PN 620.2 (Revised), *Communication between the Auditor and the Insurance Authority* and PN 810.2 (Revised), *The Duties of the Auditor of an Insurer authorized under the Insurance Ordinance*. IRAP recommended, and the Committee agreed, that the proposed revisions to PN 620.2 (Revised) and PN 810.2 (Revised) be added to the Committee's reserve list for developing local guidance in 2027.

3306. Updates from the Virtual Assets Reporting Advisory Panel

The Virtual Assets Reporting Advisory Panel (VARAP) is developing a practice note to support auditor reporting under the Hong Kong Monetary Authority's regulatory regime for stablecoin issuers. SSD reported that key drafting issues being considered by VARAP include the frequency of testing automated controls, the adoption of a management assertion-based reporting approach, and modifications to the auditor's reports. VARAP members will submit their draft content for the practice note to SSD by September for consolidation and review among VARAP members before the draft practice note is presented to the Committee for consideration.

3307. Guidance needs on auditor reporting under the virtual asset trading platform regime

The Committee received an overview of the Virtual Asset Trading Platform (VATP) licensing regime under the Securities and Futures Commission (SFC), effective since June 2023, which mandates that VATP operators in Hong Kong obtain an SFC license. As part of the licensing process, applicants must engage an auditor to conduct a reasonable assurance engagement to assess their compliance with the applicable SFC requirements.

The Committee considered SSD's analysis, noting the customized nature of assessment criteria for each applicant, the unique tripartite arrangement involving the SFC as one of the engaging parties in the assurance engagement, the uncertainty regarding future VATP applicant numbers, and the significant time and SSD's current resource constraints in developing auditor guidance. Consequently, the Committee supported SSD's recommendation to initiate a tripartite dialogue with the SFC and the AFRC to evaluate the necessity and scope of any guidance before determining whether auditor reporting guidance on VATP pre-licensing assurance engagements is needed.

The Committee also agreed with two additional recommendations from SSD:

- SSD will collaborate with the Securities Regulatory Advisory Panel to assess whether PN 820 (Revised), *The Audit of Licensed Corporations and Associated Entities of Intermediaries* should be expanded to include guidance on compliance reporting for licensed corporations trading or holding virtual assets. SSD

- SSD will develop a guide for auditors that highlights common challenges in auditing businesses related to virtual assets and incorporates relevant guidance from overseas accounting and auditing bodies to support auditors in this complex field. SSD

[Post meeting note: Alert 51 was issued on 22 September, summarizing the Institute's standard-setting initiatives on virtual assets.]

3308. 2025 Oversight Report on HKICPA's Performance of Specified Functions

The Committee noted that the Accounting and Financial Reporting Council (AFRC) has identified two observations in relation to standard setting to support the development of the accounting profession in Hong Kong in its 2025 Oversight Report:

- Consider strengthening the composition of standard-setting advisory panels and enhancing the standard-setting process.
- Consider refining the classification framework for local guidance projects.

Accordingly, SSD presented to the Committee the following next steps to address the AFRC's observations:

- Apply a revamped framework for adding local projects to AASC's work plan.
- Introduce an implementation period of 12-18 months with earlier application permitted to eradicate the backdating of local guidance.
- Reserve sufficient review time based on the complexity of the project when developing timelines.
- Present a written update to the Committee on all high priority local projects at least once every four months, detailing project progress, technical developments, challenges, actions to address or pre-empt those challenges and updated timelines.
- Invite PAIBs/ non-accountants and regulators to be members of drafting teams as appropriate and ask all parties to abide by the timing of their involvement.
- Appoint a chair to the panels and drafting teams as appropriate.
- Confirm with the AFRC the approach to seeking comments from them.
- Published AATB 7 to help practitioners decide which reporting framework to use for different assurance engagements to alleviate demand for bespoke guidance, which was issued in March 2025.

SSD will update its Standard Operating Procedure document to include the revamped framework and incorporate the above in respect of the written update, appointment of PAIBs/ non accountants and regulators, and effective date of local pronouncements which will be tabled at the Committee's first meeting in 2026. SSD

3309. Any other business

- Committee members and their fellows are encouraged to join the following flagship events held by the Institute:
  - Annual Auditing Update Conference on 18 October.
  - The first Ethics Conference on 15 October.

- The next meeting will be held on 22 October and the Committee was requested to suggest any agenda items by 30 September.

There being no further business, the meeting closed at 9:58 a.m.

PAUL HEBDITCH
CHAIRMAN

15 October 2025