



Minutes of the 268th meeting of the Financial Reporting Standards Committee held on Tuesday, 7 December 2021 at 8:30 a.m. via videoconference.

Members present: Mr. Ernest Lee (Chairman), Deloitte Touche Tohmatsu  
Mr. Gary Stevenson (Deputy Chairman), RSM Hong Kong  
Ms. Kathryn Ashley, HSBC  
Ms. Candy Fong, Foremost Advisers Ltd  
Mr. Park Kwok, HLB Hodgson Impey Cheng Limited  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited  
Mr. Joe Ng, Ernst & Young  
Mr. Ghee Peh, IEEFA  
Mr. Richard Poon, AIA Group  
Mr. Jim Tang, KPMG  
Mr. William Wong, Stock Exchange of Hong Kong Limited (the Exchange)  
Ms. Lisa Zhang, PricewaterhouseCoopers

Staff in attendance: Ms. Cecilia Kwei, Director, Standard Setting  
Ms. Eky Liu, Deputy Director, Standard Setting  
Mr. Norman Chan, Associate Director, Standard Setting  
Ms. Carmen Ho, Associate Director, Standard Setting  
Ms. Joni Kan, Associate Director, Standard Setting  
Ms. Katherine Leung, Associate Director, Standard Setting  
Mr. Anthony Wong, Associate Director, Standard Setting

Apologies: Mr. Choy Kai Sing, Asia Metro Ltd and own-name practice  
Mr. Kenneth Lau, Crowe (HK) CPA Limited  
Ms. Susanna Lau, Securities and Futures Commission  
Mr. Guochang Zhang, The University of Hong Kong

Action

1. **Minutes, work program, IFRS Interpretations Committee (IC) agenda decisions and liaison log**

The Committee approved the minutes of the 267th meeting.

The Committee noted the developments outlined in the FRSC and SSD work program and the liaison log.

Agenda decisions

The Committee noted the IC finalised the following two agenda decisions in October 2021.

- Non-refundable Value Added Tax on Lease Payments (IFRS 16 *Leases*)
- Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition (IAS 32 *Financial Instruments: Presentation*)

IASB ED/2021/3 Disclosure Requirements in IFRS Standards-A Pilot Approach

The Committee considered the comment letters received, and noted that one respondent commented on the potential challenges of exercising judgement when applying the proposals in the ED. The Committee, however, agreed with the SSD staff analysis that the ED aims to promote the use of judgement and that the IASB has issued relevant guidance on this area. In response to this comment, the Committee suggested that SSD staff closely monitor the development of the ED. Finally, the Committee agreed with SSD staff's recommendation not to respond to the ED because

this project is a low priority project and there are no comments indicating that the proposals would result in significant issues.

2. **IASB Request for Information Post-implementation Review of IFRS 9 Classification and Measurement**

The Committee received an update on the feedback received from SSD staff's outreach activities since the October Committee meeting, which included:

- meeting with the Financial Instruments Advisory Panel;
- meeting with the Small and Medium Practices Committee and its Working Group on Technical Issues;
- public roundtable discussion with local participants and IASB representatives;
- comment letters received; and
- review findings from the annual reports of the Institute's Quality Assurance Department.

The Committee also considered the SSD staff's preliminary views to be incorporated into the Institute's submission, and provided comments. SSD staff will prepare the Institute's draft submission and circulate it to the Committee for comments and approval out-of-session by the end of December.

SSD

[Post-meeting note: The Institute's comment letter was submitted to the IASB on 13 January 2022.]

3. **IASB ED/2021/7 Subsidiaries without Public Accountability: Disclosures**

The Committee received an update on the feedback received from SSD staff's outreach activities, which included comment letters received and the following meetings and discussions:

- meeting with the Disclosure Initiative Advisory Panel;
- meeting with the Small and Medium Practices Committee and its Working Group on Technical Issues; and
- public roundtable discussion with local participants.

The Committee considered the feedback received and agreed with the SSD staff's preliminary views to be incorporated into the Institute's submission. SSD staff will prepare the Institute's draft submission and circulate it to the Committee for comments and approval out-of-session by the end of December.

SSD

[Post-meeting note: The Institute's comment letter was submitted to the IASB on 4 January 2022.]

4. **Premiums-based profits tax: interaction of IFRS 17 and IAS 12**

The Committee received an update on the discussions of the issue concerning the treatment of premiums-based profits tax (PBPT). The issue concerned two primary questions:

- whether the PBPT is an income tax within the scope of IAS 12 *Income Taxes*.
- whether there are deferred tax consequences relating to the PBPT (if it is in the scope of IAS 12).

The Committee noted that this issue was discussed with the Insurance Regulatory Advisory Panel and the Hong Kong Insurance Implementation Support Group at several meetings during 2021, and diverse views were noted. The Committee also noted that SSD staff has initiated discussion

with the IASB staff on the first question. The SSD will continue to liaise with the IASB on the second question and has requested the relevant FRSC members to discuss these two questions at the global level. The Committee agreed with the SSD staff's proposed next steps. SSD staff will bring this topic back to the Committee for further discussion at a future meeting.

**5. 2021 Progress Report**

The Committee reviewed the SSD's progress made on the high priority projects and SSD's achievements this year, and thanked SSD for the work done in 2021.

**6. Other business**

**Special Purpose Acquisition Companies (SPACs)**

The Committee noted that the Exchange published a consultation paper to seek market feedback on proposals to create a listing framework for SPACs in Hong Kong with comment due date on 31 October 2021. The Committee agreed that the SSD should consider publishing guidance on the accounting considerations related to SPACs once the Exchange finalizes its proposals.

[Post-meeting note: The Institute published the guidance Accounting Considerations for a Special Purpose Acquisition Company on 22 January 2022.]

**Administrative matter**

The Committee noted that they are welcome to propose agenda items for the next FRSC meeting by end of January 2022.

There being no further business, the meeting closed at 11:15 a.m.

ERNEST LEE  
CHAIR

7 February 2022