



Minutes of the 286th meeting of the Financial Reporting Standards Committee held on Friday, 25 October 2024 at 8:30 a.m. via videoconference.

Members present: Mr. Joe Ng (Deputy Chairman), EY
Ms. Kathryn Ashley, HSBC
Ms. Loretta Fong, PwC
Ms. Fanny Hsiang, BDO Limited
Ms. Sin Ko, KPMG
Mr. Mateusz Lasik, Deloitte
Ms. Joan Ng, Securities and Futures Commission
Mr. Ghee Peh, IEEFA
Mr. Richard Poon, AIA Group
Mr. William Wong, HKEx
Ms. Lisa Zhang, PwC

Staff in attendance: Ms. Cecilia Kwei, Director of Standard Setting
Ms. Eky Liu, Deputy Director of Standard Setting (FR)
Mr. George Au, Associate Director, Standard Setting
Ms. Shiro Lam, Associate Director, Standard Setting
Ms. Carrie Lau, Associate Director, Standard Setting
Ms. Kennis Lee, Associate Director, Standard Setting
Ms. Katherine Leung, Associate Director, Standard Setting
Mr. Anthony Wong, Associate Director, Standard Setting
Mr. Sam Chan, Manager, Standard Setting

Observer: Ms. Fion Hung, Accounting and Financial Reporting Council

Apologies: Mr. Gary Stevenson (Chairman), RSM Hong Kong
Ms. Vincyy Lai, Jardine Matheson & Co., Limited
Mr. Kenneth Lau, Crowe (HK) CPA Limited

Action

1. Minutes, work program, tentative agenda decisions and liaison log

The Committee approved the minutes of the 285th meeting.

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

The Committee also noted the IFRS Interpretations Committee issued the following tentative agenda decisions (TADs) in September 2024:

- *Guarantees Issued on Obligations of Other Entities*
- *Recognition of Revenue from Tuition Fees (IFRS 15)*

The Committee considered the feedback received from SSD's outreach activities as well as SSD staff analysis and agreed with SSD's recommendation not to respond to the TADs.

2. Exposure Drafts on HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures (HK EDs)

As part of the due process for the finalisation of HKFRS S1 and S2, SSD staff prepared an analysis of the 2022 Institute's comments on the draft IFRS S1 and S2 to the final ISSB standards (SSD Analysis) and circulated it to the Committee for review and comment on 23 September. SSD staff

received a few comments on the SSD Analysis and incorporated them as appropriate into the revised version. At this meeting, the Committee was presented with the revised SSD Analysis. The Committee provided no additional comments and approved it.

In addition, the Committee received an update on the feedback received from SSD staff's outreach activities on the HK EDs, which included seeking input from the Sustainability Advisory Panel and hosting a public webinar. The Committee also considered and agreed with SSD staff's proposed next steps.

3. **Priority of the ISSB project *Enhancing the SASB Standards***

The Committee received an update on the ISSB project *Enhancing the SASB Standards* and agreed that it should not be a high priority project for the Institute for the following reasons:

- The disclosure topics/metrics included in the SASB Standards are not mandatory for entities adopting the ISSB Standards.
- The ISSB will follow formal due process, including conducting public consultations, if it decides to incorporate any amended elements of the SASB Standards into the ISSB Standards in the future. The Institute will then be able to consider and comment on the relevant exposure drafts following our own due process.
- The number of companies expected to be affected by the project is small; and
- The project is not expected to be complex.

The Committee further considered that there is still value in pursuing the project as it can offer insights into how sustainability risks affect entities in specific sectors, enabling meaningful comparisons. In addition, it supports the implementation of IFRS S1 and S2 for industry-based disclosures where applicable and informs the research direction of the ISSB projects on biodiversity, ecosystems and ecosystem services, and human capital. Therefore, the Committee agreed that this project is of medium priority for the Institute.

The Committee considered and agreed with SSD's project plan, which includes issuing an invitation to comment to seek stakeholders' views and responding to the forthcoming exposure draft, unless the Sustainability Disclosure Standards Committee approves otherwise.

4. **IASB Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements***

The Committee received an update on the feedback received from the SSD staff's outreach activities, which included seeking feedback from the Task Force and local stakeholders. Based on the feedback received and the SSD staff's analysis, the Committee agreed to submit a comment letter to the IASB and provided comments for the Institute's submission. The Committee also agreed with the proposed timeline for considering and finalising the Institute's submission to the IASB.

SSD

[Post-meeting note: The Institute's comment letter was submitted to the IASB on 27 November 2024.]

5. **IASB Exposure Draft Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures**

The Committee received an update on the feedback received from SSD staff's outreach activities, which included seeking input from the Disclosure Initiative Advisory Panel and the Small and Medium Practices Committee and its Technical Issues Support Group. Given that the exposure draft is a medium to low priority project for the Institute and that no significant comments were received from stakeholders, the Committee agreed with SSD staff's recommendation not to respond to the IASB.

6. **IASB Exposure Draft Translation to a Hyperinflationary Presentation Currency (ED)**

The Committee received an update on the comment letters received on the ED. Considering that no significant comments were received from stakeholders and that the proposals are not expected to result in any major impact on Hong Kong companies, the Committee agreed with SSD staff's recommendation not to submit a comment letter to the IASB.

7. **IASB Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x) (ED)**

The Committee received an update on the ED, which included a high-level summary of the proposed changes to IAS 28. The Committee considered and agreed with SSD's planned outreach activities, which include seeking feedback from the Business Combinations and Reporting Entity Advisory Panel, the Small and Medium Practices Committee and its Technical Issues Support Group, as well as hosting a public roundtable discussion. The Committee also considered and agreed with the SSD staff's proposed project timeline.

8. **Other business**

Administrative matter

The Committee noted that they are welcome to propose agenda items for the next FRSC meeting no later than 15 working days prior to the meeting date.

It was noted that the next meeting was scheduled on 12 December 2024.

There being no further business, the meeting closed at 9:30 a.m.

JOE NG
DEPUTY CHAIRMAN

5 December 2024