



Minutes of the 289<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Wednesday, 2 April 2025 at 9:00 a.m. in 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).

Members present: Mr. Joe Ng (Chairman), EY  
Mr. Kenneth Lau (Deputy Chairman), Crowe (HK) CPA Limited  
Ms. Kathryn Ashley, HSBC (dial-in)  
Ms. Tina Chen, Capital Group  
Ms. Sin Ko, KPMG  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited (dial-in)  
Ms. Frank Lam, BDO Limited (dial-in)  
Mr. Mateusz Lasik, Deloitte  
Mr. Richard Poon, AIA Group  
Ms. Joan Ng, Securities and Futures Commission (dial-in)  
Mr. William Wong, HKEx (dial-in)  
Ms. Lisa Zhang, PwC (dial-in)

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

Observers: Ms. Fion Hung, Accounting and Financial Reporting Council  
Ms. Lily Rui, Accounting and Financial Reporting Council

Action

1. **Minutes, work program and liaison log**

The Committee approved the minutes of the 288<sup>th</sup> meeting.

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

2. **AG 5 (Revised) Merger Accounting for Common Control Combinations**

The Committee received an update on the feedback received from various stakeholders regarding the issues identified in the Institute's post-implementation review of AG 5 in 2016, which were not addressed in the limited amendments to AG 5 in 2020 (the Outstanding Issues).

The Committee considered the findings from the research undertaken by SSD staff, as well as SSD staff's analysis and preliminary views on the feedback received. The Committee noted that certain Outstanding Issues are still pervasive and could be addressed by amending AG 5. Accordingly, the Committee approved adding a project to the work plan to address the Outstanding Issues and enhance the clarity of AG 5. The Committee also provided comments on SSD staff's proposed amendments to AG 5 regarding the restatement of comparatives and its interaction with the accounting for different forms of consideration.

The Committee agreed that this project should be a high priority project for the Institute because common control combinations are prevalent in Hong Kong. The project is likely to affect a wide range of local entities and stakeholders. In addition, the deficiency and diversity in practice were identified almost a decade ago and it is now the opportune time to address them following the discontinuation of the IASB's Business Combinations under Common Control project. The Committee also considered and agreed with SSD's project plan.

3. **Third edition of the IFRS for SMEs Accounting Standard**

The Committee noted that the IASB issued the Third edition of the *IFRS for SMEs Accounting Standard* (the Standard) in February 2025. The Committee considered that the Standard has largely addressed stakeholders' concerns and taken up the major comments expressed in the Institute's comment letter. Accordingly, the Committee approved the issuance of the revised *HKFRS for Private Entities Accounting Standard* (the revised PE Standard) in accordance with the Institute's international convergence policy. The Committee also considered and approved the proposed amendments to the Preface and certain parts of the revised PE Standard to align with local circumstances.

Additionally, the Committee considered and approved the SSD's implementation support plan, which includes the publication of the Impact Analysis document that summarises the key impacts of the revised PE Standard on local entities. The issuance of the revised PE Standard, along with the Impact Analysis, is expected by the end of April.

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[Post-meeting note: The revised PE Standard and the Impact Analysis were issued on 29 April 2025.]

4. **Proposed amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures**

The Committee noted the stakeholders' question regarding the eligibility criteria for applying HKFRS 19, particularly whether a subsidiary is eligible to apply HKFRS 19 if its ultimate or immediate parent produces consolidated financial statements that are available for public use and comply with IFRS Accounting Standards, instead of HKFRS Accounting Standards.

The Committee considered and agreed with the SSD staff's analysis that, given the full convergence of HKFRS Accounting Standards with IFRS Accounting Standards, subsidiaries preparing their financial statements using HKFRS Accounting Standards can achieve the same benefits of reduced disclosure requirements and cost savings by maintaining only one set of accounting records through the implementation of HKFRS 19, when their parents produce consolidated financial statements that comply with IFRS Accounting Standards. Accordingly, the Committee approved the proposal to amend the eligibility criteria for applying HKFRS 19 by including subsidiaries without public accountability whose ultimate or intermediate parents produce consolidated financial statements that are available for public use and comply with IFRS Accounting Standards.

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[Post-meeting note: The amendments to HKFRS 19 were issued on 15 April 2025.]

5. **Annual update on the post-implementation review of local pronouncements on financial reporting**

The Committee noted the work undertaken by SSD in respect of the post-implementation review of local pronouncements on financial reporting during the year.

6. **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 28 May 2025.

There being no further business, the meeting closed at 9:45 a.m.

JOE NG  
CHAIR

19 May 2025