



Minutes of the 291st meeting of the Financial Reporting Standards Committee held on Wednesday, 3 September 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 (dial-in)
Ms. Kathryn Ashley, HSBC (dial-in)
Ms. Tina Chen, Capital Group (dial-in)
Ms. Sin Ko, KPMG
Ms. Vincyy Lai, Jardine Matheson & Co., Limited (dial-in)
Mr. Frank Lam, BDO Limited (dial-in)
Mr. Mateusz Lasik, Deloitte
Ms. Joan Ng, Securities and Futures Commission (dial-in)
Mr. Richard Poon, AIA Group (dial-in)
Mr. William Wong, HKEx (dial-in)
Ms. Elza Yuen, 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. Katherine Leung, Associate Director, Standard Setting
Mr. Anthony Wong, Associate Director, Standard Setting
Mr. Sam Chan, Manager, Standard Setting

Observers: Ms. Carmel Lee, Accounting and Financial Reporting Council
Ms. Lily Rui, Accounting and Financial Reporting Council

Action

1. **Updated Committee composition, minutes, work program, agenda decision, tentative agenda decisions and stakeholder liaison log**

The Chairman welcomed Ms. Elza Yuen as a new member of the Committee.

The Committee approved the minutes of the 290th meeting.

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

The Committee also noted that the IFRS Interpretations Committee (IC) issued the agenda decision *Assessing Indicators of Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies)* in June 2025.

Additionally, the Committee noted that the IC issued the following tentative agenda decisions (TADs) in July 2025:

- Determining and Accounting for Transaction Costs (IFRS 9 *Financial Instruments*)
- Embedded Prepayment Option (IFRS 9 *Financial Instruments*)
- Updates to Committee's agenda decisions for IFRS 18 *Presentation and Disclosure in Financial Statements*

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

2. IASB Request for Information (RFI) Post-implementation Review of IFRS 16 Leases

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

- meeting with the Leases Advisory Panel;
- meeting with the Small and Medium Practices Committee and its Technical Issues Support Group;
- seeking feedback from the Financial Instruments Advisory Panel and Revenue Recognition Advisory Panel on question 6 of the RFI;
- performing targeted outreach to a preparer of a listed corporate; and
- hosting a public roundtable discussion.

Based on the feedback received and the SSD staff's analysis, the Committee provided comments for the Institute's submission. SSD staff will provide an update on any additional stakeholder feedback, along with SSD staff's analysis and the Institute's draft submission, for the Committee's consideration out-of-session.

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[Post-meeting note: The Institute's comment letter was approved by the Committee out-of-session and submitted to the IASB on 13 October 2025.]

3. IFRS Practice Statement 1 Management Commentary (Revised)

The Committee noted that the IASB issued the revised IFRS Practice Statement 1 *Management Commentary* (revised PS 1) in June 2025. Based on the SSD staff's high-level comparison between the revised PS 1 and the existing local requirements in Hong Kong, the Committee observed that the elements and principles of the local requirements are largely similar to those in the revised PS 1, except that the revised PS 1 provides specific guidance on coherence and connectivity.

The Committee maintained its previous view that the requirements relating to the preparation of management commentary should be set by local regulators and agreed with SSD staff's proposed next steps to reach out to local regulators in considering the way forward for the revised PS 1. The Committee also suggested that SSD highlight the connectivity aspect in PS 1 to local regulators and encourage them to consider this aspect when reviewing their own rules and regulations.

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4. Accounting for virtual assets

The Committee received an update on the recent global and local developments in virtual assets. In particular, the Committee noted that following the passage of the Stablecoins Ordinance (Cap.656) in Hong Kong earlier this year, the topics of stablecoins and virtual assets has drawn much attention locally, with stakeholders raising questions about the accounting for these items.

In response to this development, SSD staff has reached out to the Committee, the Small and Medium Practices Committee, its Technical Issues Support Group and the Virtual Assets Reporting Advisory Panel to understand the significance and the pervasiveness of the matter, as well as the need and practicality of issuing local guidance. Based on the

feedback received and the SSD staff's analysis, the Committee agreed with SSD staff's proposal to issue guidance to remind stakeholders of the Agenda Decision published by the IC in June 2019 regarding cryptocurrencies, and to highlight key considerations for determining the appropriate accounting for stablecoins.

The Committee also provided comments on the due process and timeline for publishing the guidance.

5. Priority of the IASB project *Amortised Cost Measurement*

The Committee received an update on the IASB project *Amortised Cost Measurement* and agreed that this project should be a high priority for the Institute, considering the widespread use of financial instruments measured at amortised cost, stakeholder feedback highlighting deficiencies and diversity in application and the significant judgement involved in applying the requirements. The Committee also acknowledged the importance of timely clarification of principles to reduce diversity in practice.

The Committee considered and agreed with SSD's project plan, which includes responding to the forthcoming IASB's Exposure Draft and performing outreach activities to seek stakeholders' views.

6. Consider topics for 2025 Annual Accounting and Sustainability Update Conference

The Committee noted that the 2025 Annual Accounting and Sustainability Update Conference is scheduled to take place in the morning of 22 November 2025 as a live webinar. The conference will be recorded and released as an e-learning for members' subscription at a later date.

The Committee considered and agreed with SSD's recommendation to cover various popular and upcoming topics, including financial reporting topics relevant to closing out 2025 and emerging topics in financial reporting.

SSD welcomed the Committee to nominate speakers for the conference.

7. 2025 Oversight Report on HKICPA's Performance of Specified Functions

The Committee was informed of two recommendations made by the Accounting and Financial Reporting Council in relation to SSD in its 2025 Oversight Report. These recommendations pertain to the Standard Operating Procedure (SOP) and the due process of the SSD's Audit and Assurance workstream for developing local pronouncements and guidance in response to legislative changes or emerging regulatory concerns.

Although these recommendations are largely not relevant to the Financial Reporting workstream, SSD has conducted an analysis and identified potential enhancements to the SOP of the Financial Reporting workstream. SSD will update its SOP to reflect these enhancements for the Committee's consideration at its first meeting in 2026.

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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 23 October 2025.

There being no further business, the meeting closed at 10:45 a.m.

JOE NG
CHAIR

13 October 2025