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China Accounting Alert

March 2023

This edition of *China Accounting Alert* provides news and updates about financial reporting in Mainland China, IFRS and EY publications.

Mainland news and updates

- The Accounting Regulatory Department of the Ministry of Finance (MOF) releases Q&As on implementing the new accounting standard for insurance contracts (Cai Kuai [2020] No. 20)

On 10 March 2023, the Accounting Regulatory Department of the MOF has released four [Q&As](#) on implementing the *Accounting Standard for Business Enterprises No. 25 - Insurance Contracts* (Cai Kuai [2020] No. 20, the "new accounting standard for insurance contracts"), including:

- According to the new accounting standard for insurance contracts, how enterprises adopt the "bottom-up approach" to determine the discount rate corresponding to the cash flow of the insurance contract that does not change with the return of basic items;
- How relevant disclosure requirements in Chapter IX of the new accounting standard for insurance contracts are connected to the disclosure requirements in the *Accounting Standard for Business Enterprises No. 28 - Accounting Policies, Changes in Accounting Estimates and Error Correction*;

- ▶ For insurance contracts with discretionary participation features, where the enterprise chooses to break down the financial changes of the insurance contract into the current insurance financial profit and loss and other comprehensive income using the modified retrospective approach or the fair value approach, if the corresponding basic items include assets (or liabilities) other than the assets (or liabilities) measured at fair value through profit or loss, how should the enterprise account for the financial changes of the insurance contract arising from these assets (or liabilities) to avoid accounting mismatches;
- ▶ If subsidiaries implement the new accounting standard for insurance contracts later than the group company, how should subsidiaries determine the date of transition in accordance with the requirements of the new accounting standard for insurance contracts and the possible effects of selection of the date of transition

For further details about the implementation Q&As, please refer to EY WeChat: [Q&As on Implementing Four New Accounting Standard for Insurance Contracts Issued by the MOF.](#)

- ▶ Notice of the SSE on issuing the *Business Guideline No. 4 of the Shanghai Stock Exchange for Review of Issuance and Listing - Self-Check Forms for Common Issues Concerning Requirements for Information Disclosure and Verification*

In order to further confirm the responsibility of issuers and listed companies for information disclosure and the responsibility of intermediaries as "gatekeeper", the SSE, according to the rules of fully implementing the registration-based system, has assessed the common issues in the application documents for IPO, refinancing and major asset restructuring on the Main Board and Sci-Tech Innovation Board of the SSE and formulated the [Business Guideline No. 4 of the Shanghai Stock Exchange for Review of Issuance and Listing - Self-Check Forms for Common Issues Concerning Requirements for Information Disclosure and Verification](#) (Shang Zheng Han [2023] No. 657), which became effective on 18 March 2023. The [Notice on Issuing the Business Guideline No. 2 of the Shanghai Stock Exchange for Review of Issuance and Listing on the Sci-Tech Innovation Board - Self-Check Forms for Common Issues Concerning Requirements for Information Disclosure and Verification](#) (Shang Zheng Han [2021] No. 230) issued by the SSE on 1 February 2021 has been repealed simultaneously.

- ▶ Notice of the Shanghai Stock Exchange (SSE) on issuing the *Guidelines for the Application of Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 2 - Specific Types of Corporate Bonds (Revised in 2023)*

In order to regulate the reporting of green corporate bonds, subsequent period management and other related activities, the SSE, with reference to the relevant requirements of China's Green Bond Principles on green corporate bonds, has revised the [Guidelines for the Application of Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 2 - Specific Types of Corporate Bonds](#) (Shang Zheng Fa [2023] No. 57), which became effective upon release on 14 March 2023. The [Notice on Issuing the Guidelines for the Application of Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 2 - Specific Types of Corporate Bonds \(Revised in 2022\)](#) (Shang Zheng Fa [2022] No. 85) published by the SSE on 2 June 2022 has been repealed simultaneously.



- ▶ Notice of the Shenzhen Stock Exchange (SZSE) on issuing business guidelines including the *Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings*

In order to further ensure the fulfillment of responsibilities of issuers in information disclosure and intermediaries in information verification, the SZSE has formulated the [*Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings, Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 4 - Key Points for Review of Securities Offerings by Listed Companies to General Investors, Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 5 - Key Points for Review of Securities Offerings by Listed Companies to Specific Investors, Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 6 - Key Points for Review of Securities Offerings by Listed Companies to Specific Investors \(Summary Procedure\), and Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Stocks No. 7 - Key Points for Review of Major Asset Restructuring of Listed Companies*](#) (Shen Zheng Shang [2023] No. 182), which became effective on 18 March 2023. Five business guidelines (Shen Zheng Shang [2021] No. 724) including the *Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing on the ChiNext Board No. 2 - Key Points for Review of Initial Public Offering on the ChiNext Board* issued by the SZSE on 23 July 2021 have been repealed simultaneously.

- ▶ Notice of the SZSE on the issuance of the *Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Bonds No. 1 - Prospectuses (Reference Text) (Revised in 2023)*

To further regulate the preparation of information disclosure documents for corporate bonds, the SZSE has revised the [*Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Bonds No. 1 - Prospectuses \(Reference Text\) \(Revised in 2023\)*](#) (Shen Zheng Shang [2023] No. 205), which became effective upon release on 19 March 2023. The *Business Guideline of the Shenzhen Stock Exchange for Review of Issuance and Listing of Bonds No. 1 - Prospectuses (Reference Text) (Revised in 2022)* (Shen Zheng Shang [2022] No. 150) issued by the SZSE on 14 February 2022 has been repealed simultaneously.

- ▶ Announcement of the Beijing Stock Exchange (BSE) on the *Guideline of the Beijing Stock Exchange to Handling the Public Offering and Listing of Stocks to Unspecified Qualified Investors No. 3 - Consultation and Communication Before Application*

In order to further regulate the consultation and communication before application for issuance and listing, the BSE has formulated the [*Guideline of the Beijing Stock Exchange to Handling the Public Offering and Listing of Stocks to Unspecified Qualified Investors No. 3 - Consultation and Communication Before Application*](#) (BSE Announcement [2023] No. 31), which became effective upon release on 21 March 2023.



► The National Association of Financial Market Institutional Investors (NAFMII) issues the *Rules for Enterprise Asset Securitization Business in the Interbank Bond Market* and the *Guidelines on Information Disclosure of Enterprise Asset Securitization Business in the Interbank Bond Market*

In order to promote the sustained, healthy, and regulated development of the asset securitization market, in accordance with the *Administrative Measures for Debt Financing Instruments of Non-financial Enterprises in the Interbank Bond Market* (PBoC Decree [2008] No. 1) and related self-regulatory rules of the NAFMII, the NAFMII has worked with market members to revise the *Guidelines on Asset-backed Notes of Non-financial Enterprises* (NAFMII Announcement [2017] No. 27), which was later renamed as the [*Rules for Enterprise Asset Securitization Business in the Interbank Bond Market*](#) (NAFMII Announcement [2023] No. 3), and formulated the [*Guidelines on Information Disclosure of Enterprise Asset Securitization Business in the Interbank Bond Market*](#) (NAFMII Announcement [2023] No. 3), which will become effective on 1 September 2023. The *Guidelines on Asset-backed Notes of Non-financial Enterprises* (NAFMII Announcement [2017] No. 27) will be repealed simultaneously.



IASB news and updates

► IASB Update for March 2023

The [March](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 20 to 23 March 2023 when the board discussed:

Work plan overview

► IASB work plan update

Research and standard-setting

► Equity Method

► Business Combinations—Disclosures, Goodwill and Impairment

► Primary Financial Statements

► Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures

Maintenance and consistent application

► Climate-related Risks in the Financial Statements

► IFRIC Update for March 2023

At its March 2023 meeting, the IFRS Interpretations Committee (IFRIC) discussed:

IFRIC's tentative agenda decisions

► Guarantee over a Derivative Contract (*IFRS 9 Financial Instruments*)

► Premiums Receivable from an Intermediary (*IFRS 17 Insurance Contracts* and *IFRS 9 Financial Instruments*)

► Homes and Home Loans Provided to Employees

Agenda decisions for the IASB's consideration

► Definition of a Lease—Substitution Rights (*IFRS 16 Leases*)

Matters recommended for the IASB's annual improvements

► Lessee accounting for lease payments forgiven (*IFRS 9 Financial Instruments* and *IFRS 16 Leases*)

► Disclosure of deferred difference between fair value and transaction price—Guidance on implementing *IFRS 7 Financial Instruments: Disclosures*

Other matters

► Business Combinations—Disclosures, Goodwill and Impairment

► Work in Progress

The [March 2023](#) issue of the *IFRIC Update* summarizes what you need to know about these and other issues discussed at the IFRIC's March 2023 meeting.

EY publications

► Applying IFRS: IFRS 9 Post Implementation Review - progress to date

The [edition](#) of *Applying IFRS* discusses how the IASB has completed its discussions on the topics put forward for the *IFRS 9 Post Implementation Review, Classification and Measurement*.

► Good Group (International) Limited - Unaudited interim condensed consolidated financial statements (March 2023)

This [edition](#) contains illustrative interim condensed consolidated financial statements of Good Group (International) Limited and subsidiaries for the period ending 30 June 2023. It is prepared in accordance with IFRS issued as at 28 February 2023 and effective for annual periods beginning on 1 January 2023.

► IFRS Developments Issue 212: New guidance for developing disclosure requirements

The IASB announced that it concluded its targeted standards-level review of disclosures project aimed at improving its approach for developing and drafting disclosure requirements in IFRS Accounting Standards. This [edition](#) summarizes the guidance the IASB has published as a result of completing this project.

► International GAAP® Disclosure Checklist for Annual financial statements (IFRS in issue at 28 February 2023)

This [disclosure checklist for annual financial statements](#) with a 30 June 2023 year end. It captures the disclosure requirements for IFRS standards and interpretations in issue at 28 February 2023. It is also available in PDF/word and online formats.

► International GAAP® Disclosure Checklist for Interim condensed financial statements (IFRS in issue at 28 February 2023)

This [disclosure checklist for interim condensed financial statements](#) with a 31 December 2023 year end. It captures the disclosure requirements for IFRS standards and interpretations in issue at 28 February 2023. It is also available in PDF/word and online formats.

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