

China Accounting Alert

July 2024

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

Mainland news and updates

- Provisions of the State Council on Implementation of the Registered Capital Management System under the *Company Law of the People's Republic of China*

[The Provisions of the State Council on Implementation of the Registered Capital Management System under the Company Law of the People's Republic of China](#) (Decree No. 784 of the State Council) was adopted at the 34th executive meeting of the State Council on 7 June 2024. It became effective upon release on 1 July 2024. According to Article 2 of the Provisions registered for incorporation before 30 June 2024, if the remaining capital contribution period of a limited liability company exceeds five years as from 1 July 2027, the company shall adjust the remaining capital contribution period to less than five years by 30 June 2027, and record such adjustment in its articles of association. The shareholders shall pay the full amount of capital contributions they committed within the adjusted capital contribution period. The sponsors of a joint stock limited company shall make full payment for the shares they subscribe for by 30 June 2027.

- ▶ Notice of the General Office of the State Council on Transmitting the *Opinions on Further Carrying out the Comprehensive Punishment and Prevention of Financial Frauds in the Capital Market Properly* by the CSRC and other Authorities

[The Opinions on Further Carrying out the Comprehensive Punishment and Prevention of Financial Frauds in the Capital Market Properly](#)

(Guo Ban Fa [2024] No. 34, hereinafter referred to as the “Opinions”) released by the China Securities Regulatory Commission (CSRC), the Ministry of Public Security, the Ministry of Finance (MOF), the People's Bank of China (PBC), the National Financial Regulatory Administration (NFRA) and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), was transmitted by the General Office of the State Council to address the comprehensive punishment and prevention of financial frauds in the capital market. The Opinions deal with a total of 20 aspects in three parts: General requirements, the main content and implementation guarantees. There are five specific initiatives set out in the main content, including:

- ▶ Resolutely cracking down on and curbing financial frauds in key fields
- ▶ Optimizing the system and mechanism for securities regulation and law enforcement
- ▶ Intensifying comprehensive and multifaceted efforts in accountability
- ▶ Strengthening inter-ministerial coordination and central-local collaboration
- ▶ Normalizing and establishing long-term prevention and control of financial frauds

- ▶ CSRC releases the *Compilation Rule for Information Disclosure by Companies Offering Securities to the Public No. 4 - Special Provisions on Information Disclosure of Insurance Companies (Revised in 2024)*

In order to further promote listed insurance companies to improve information disclosure requirements, guide them to enhance the relevance and effectiveness of information disclosure on an ongoing basis, and help investors better understand the production, operation and financial information of listed insurance companies, the CSRC released the [Compilation Rule for Information Disclosure by Companies Offering Securities to the Public No. 4 - Special Provisions on Information Disclosure of Insurance Companies \(Revised in 2024\)](#) (CSRC Announcement [2024] No.10). The Rule became effective upon release on 21 June 2024.

Major amendments are as follows:

- ▶ Adjustments to the disclosure requirements of relevant indicators based on the requirements of current accounting standards
- ▶ Adjustments to relevant disclosure requirements based on the *Regulatory Rules on the Solvency of Insurance Companies (II)*
- ▶ Improvement of relevant disclosure requirements with reference to the actual operations of insurance companies
- ▶ Clarification on policy requirements for the transition period



International Accounting Standards Board (IASB) news and updates

▶ *IASB and joint IASB – FASB Update June 2024*

The [June](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 19 to 20 June 2024. In addition, the IASB held a joint meeting with the Financial Accounting Standards Board (FASB) on 21 June 2024. The board discussed:

Work plan overview

- ▶ IASB work plan update

Research and standard setting

- ▶ Dynamic risk management
- ▶ Post-implementation review of IFRS 16 *Leases*
- ▶ Pollutant pricing mechanisms
- ▶ Equity method
- ▶ Management commentary

Maintenance and consistent application

- ▶ Provisions – targeted improvements

Project discussed at the joint IASB – FASB meeting

- ▶ Post-implementation reviews of revenue standards and leases standards

EY publications

▶ *Applying IFRS: A closer look at IFRS 18 Presentation and disclosure in financial statements*

This [publication](#) discusses the new requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18" or the "new standard") which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027.

Please refer to EY WeChat: [IFRS 18 – In-depth discussion on standards for presentation and disclosure in financial statements \(Preview\)](#) on 30 July 2024, we will publish a series of articles in the coming period and together with a closer look at the application of IFRS 18.

▶ *Applying IFRS: IFRS Sustainability Disclosure Standards – Introduction to IFRS S1 and IFRS S2 Updated June 2024*

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, issued by the International Sustainability Standards Board (ISSB) in June 2023, are the first IFRS sustainability disclosure standards. IFRS S1 sets out the general requirements for a complete set of sustainability-related financial disclosures. IFRS S1 is designed to be applied in conjunction with IFRS S2, which is a topic-based standard that specifies disclosures relating to climate.

This updated [edition](#) uses real-life examples to illustrate practices that could be a starting point for disclosing information required by ISSB standards.

▶ *IFRS Core Tool: IFRS update of standards and interpretations in issue on 30 June 2024*

This [edition](#) provides an overview of the upcoming changes in standards and interpretations (pronouncements). It also provides an update on selected active projects. It does not attempt to provide an in-depth analysis or discussion of the topics. Rather, the objective is to highlight key aspects of these changes. Reference should be made to the text of the pronouncements before taking any decisions or actions.

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