

China Accounting Alert

September 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

- ▶ **Notice of the Shanghai Stock Exchange (SSE) on issuing the *Guidelines for Review of Bond Issuance and Listing on Shanghai Stock Exchange No. 5 - Simplified Information Disclosure***

To further improve the pertinence and effectiveness of information disclosure, and enhance financing efficiency of high-quality bond issuers, the SSE formulated the [*Guidelines for Review of Bond Issuance and Listing on Shanghai Stock Exchange No. 5 - Simplified Information Disclosure*](#) (Shang Zheng Han [2024] No. 2391, hereinafter referred to as the “*Simplified Information Disclosure Guidelines*”), which became effective upon release on 11 September 2024.

The *Simplified Information Disclosure Guidelines* simplifies the disclosure arrangements for corporate bonds and asset-backed securities (ABS) issued by high-quality companies for the preparation of filing applications and disclosure of duration information of the projects. It requires disclosure obligators to focus on the important and relevant information that helps investors’ value judgments. Companies suitable for such simplified disclosure include high-quality market participants, eligible issuers of science and technology innovation bonds and green bonds, and listed companies receiving A grade in information disclosure assessment for the recent two years.

► **The SSE releases the *Handbook on Rules, Policies and Cases on Mergers, Acquisitions and Restructuring of Listed Companies***

To help listed companies and relevant market participants understand the rules and the latest regulatory priorities, the SSE prepared the [Handbook on Rules, Policies and Cases on Mergers, Acquisitions and Restructuring of Listed Companies](#) (hereinafter referred to as the “Handbook”) and released it to the public to facilitate listed companies in planning and implementing mergers, acquisitions and restructuring. The Handbook has three parts. The first part provides an overview of the rules on mergers, acquisitions and restructuring and their main regulatory basis. The second part includes the latest policy guidance of mergers, acquisitions and restructuring since the full implementation of the registration system in February 2023, highlighting the support for high-quality mergers, acquisitions and restructuring of listed companies. The third part deals with market level concerns over valuation and pricing, and performance commitments, providing selected typical cases based on publicly available information.

► **The Beijing Stock Exchange (BSE) issues and implements three business guidelines for review of public offering and listing of stocks**

Recently, the BSE issued three business guidelines for review of public offering and listing of stocks, including the [Beijing Stock Exchange Guideline No.1 on the Application of Business Rules for Public Offering and Listing of Stocks to Unspecified Qualified Investors](#) (Bei Zheng Gong Gao [2024] No. 44, hereinafter referred to as “Guidelines for Public Offering No.1”), the [Beijing Stock Exchange Guideline No.2 on the Application of Business Rules for Public Offering and Listing of Stocks to Unspecified Qualified Investors](#) (Bei Zheng Gong Gao [2024] No.45, hereinafter referred to as “Guidelines for Public Offering No.2”) and the [Beijing Stock Exchange Guideline No.3 on the Application of Business Rules for Public Offering and Listing of Stocks to Unspecified Qualified Investors](#) (Bei Zheng Gong Gao [2024] No.46, hereinafter referred to as “Guidelines for Public Offering No.3”) for the standardization of legal, financial and procedural issues, respectively. The relevant rules became effective upon release on 30 August 2024. Specifically,

- The *Guidelines for Public Offering No. 1* adds requirements for items such as information disclosure and verification of shareholders of issuers, introduction of new shareholders and capital injection before the application for listing, use of raised funds, and commitment to extending the lock-up period in the case of substantial decline in operating performance after listing. It also refines the disclosure and verification requirements for subsidiaries of listed companies applying for listing on the BSE. In particular, the *Guidelines for Public Offering No.1* includes requirements on the identification of actual controllers of issuers, valuation adjustment agreements, environmental protection, and land and social security fund payments, improving relevant requirements on information disclosure exemption based on practice.
- *Guidelines for Public Offering No. 2* adds verification requirements for preventing financial fraud, e.g., fund flow verification and look-through verification on customers and suppliers, and clarifies negative circumstances such as suddenly distributing dividends before listing and the requirements for the rectification period for financial internal control irregularities, detailing the relevant disclosure and verification requirements for unprofitable enterprises. It also highlights additional requirements on the special verification of information systems, proportion of investment income, impairment of accounts receivable, share-based payments, etc., improving relevant disclosure requirements for post-audit review reports and the changes in time point for listing based on practice.
- *Guidelines for Public Offering No. 3* includes bad reputations of "key minority" into the reporting scope of significant events of issuers and intermediaries, and includes requirements on items such as the responsibilities of sponsors' management for signing engagements, and the changes in intermediaries or signatories. Besides, it defines the implementation standards and procedural requirements for "continuous listing for 12 months", as well as the procedural connection for review of listing and supervision of listed companies.

International Accounting Standards Board (IASB) news and updates

► IASB Update September 2024

The [September](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 16 to 18 September 2024. The board discussed:

Research and standard setting

- Dynamic risk management
- Amortized cost measurement
- Management commentary
- Statement of cash flows and related matters
- Addendum to the exposure draft third edition of the IFRS for SMEs Accounting Standard

Maintenance and consistent application

- Power Purchase Agreements

► IFRIC Update September 2024

During its September 2024 meeting, the IFRS Interpretations Committee (IFRIC) discussed:

Committee's tentative agenda decisions

- Guarantees issued on obligations of other entities
- Recognition of revenue from tuition fees (IFRS 15 *Revenue from Contracts with Customers*)

Other matters

- Pollutant pricing mechanisms
- Post – implementation review of IFRS 16 *Leases*
- Changes to agenda decisions due to IFRS 18 *Presentation and Disclosure in Financial Statements*
- Matters reported to the IASB
- Work in progress

The [September 2024](#) issue of the *IFRIC Update* summarizes what you need to know about these and other issues discussed at the IFRIC's September 2024 meeting.

► International Sustainability Standards Board (ISSB) Update September 2024

The [September](#) issue of the *ISSB Update* highlights preliminary decisions of the ISSB meeting held on 18 September 2024 when the board discussed:

Strategy and governance

- ISSB work plan

Research and standard-setting

- Research projects on biodiversity, ecosystems and ecosystem services and human capital
- Enhancing the Sustainability Accounting Standards Board's (SASB) standards

EY publications

► Good Group (International) Limited - (December 2024)

This [edition](#) contains illustrative consolidated financial statements for the year ending 31 December 2024. These illustrative financial statements are prepared in accordance with IFRS issued as at 30 June 2024 and effective for annual periods beginning on 1 January 2024.

► Good Group (International) Limited Alternative Format - (December 2024)

These illustrative financial statements are prepared in accordance with IFRS issued as at 30 June 2024 and effective for annual periods beginning on 1 January 2024. In the alternative format, the ordering of the notes has been reorganized according to their nature and our view of their importance, into seven different notes sections.

In addition, information about accounting policies, judgements, key estimates and assumptions have also been placed together in the same note as the related qualitative and quantitative disclosures, to provide a more holistic discussion to users of the financial statements. Learn more about [the Alternative Format](#).

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