

China Accounting Alert

November 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

- The Accounting Regulatory Department of the MOF releases Q&As on Accounting Treatment for Data Resources

On 31 October 2024, the Accounting Department of the MOF released Q&As on accounting treatment for data resources, involving:

- [How to evaluate the conditions for capitalization of expenditures in the development phase of R&D projects on enterprises' internal data resources?](#)

- ▶ China Securities Regulatory Commission (CSRC) issues the *Guidelines on the Supervision of Listed Companies No.10 - Market Value Management*

In order to effectively enhance the returns for the listed companies' investors, the CSRC has formulated the [*Guidelines on the Supervision of Listed Companies No.10 - Market Value Management*](#) (CSRC Announcement (2024) No.14, hereinafter referred to as the "Guidelines"), which became effective upon release on 6 November 2024, to provide further guidance for listed companies so that they can pay more attention to their own investment value.

The Guidelines require listed companies to improve their operating efficiency and profitability on the basis of improving the companies' quality, and to ensure that the investment value reasonably reflects the quality of listed companies through mergers and acquisitions, equity incentives, employee stock ownership plans, cash dividends, investor relations management, information disclosure, share repurchases as appropriate in accordance with laws and regulations. The Guidelines also clarify the responsibilities of relevant parties such as the board of directors, directors and senior management of listed companies, and make special requirements for major index constituent companies on formulating market value management policies and companies whose market trading prices are lower than their daily net asset value on disclosing valuation enhancement plans. Additionally, the Guidelines explicitly prohibit listed companies from non-compliance with laws or regulations under the guise of market value management.

- ▶ Shanghai Stock Exchange (SSE) issues the *Compilation of Typical Cases of Merger and Acquisitions (M&A) and Restructuring*

To further respond to the market demands and help listed companies better understand relevant policy guidance and regulatory principles, the Shanghai Stock Exchange has collated 30 representative M&A and restructuring cases in Shanghai over recent years, and released the [*Compilation of Typical Cases of M&A and Restructuring*](#) (hereinafter referred to as the "Compilation") on 1 November 2024. In terms of case selection, the Compilation covers a variety of case types, including industrial mergers and acquisitions, cross-industry mergers and acquisitions, acquisition of loss-making assets, overseas mergers and acquisitions, restructuring and listing, mergers by absorption, and tender offers. In terms of compilation methods, it summarizes the background, structures and characteristics of transaction cases systematically, with comments and descriptions on the successful practices of and the lessons learned from the cases in relation to current policy highlights. The Compilation aims to provide practical and professional insights to facilitate market participants in M&A and restructuring.

It should be noted that the Compilation is mainly addressed to the actual controllers of listed companies and relevant business leaders for their reference. The planning, implementation and disclosure of M&A and restructuring of listed companies should be subject to the relevant normative documents such as laws and regulations, self-regulatory rules and the formal opinions of the regulatory authorities.



International Accounting Standards Board (IASB) news and updates

► IASB Update October 2024

The [October](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 21 to 23 October 2024. The board discussed:

Work plan overview

- IASB work plan update

Research and standard setting

- Dynamic risk management
- Financial instruments with characteristics of equity
- Intangible assets
- Business combinations – Disclosures, Goodwill and Impairment
- Second comprehensive review of the IFRS for SMEs accounting standard

Maintenance and consistent application

- Power purchase agreements
- IFRS Interpretations Committee (IFRIC) Update September 2024

Taxonomy

- IFRS accounting taxonomy 2024 – Proposed Update 1 *IFRS 18 Presentation and Disclosure in Financial Statements*

► International Sustainability Standards Board (ISSB) Update October 2024

The [October](#) issue of the *ISSB Update* highlights preliminary decisions of the ISSB meeting held on 24 October 2024 when the board discussed:

Research and standard-setting

- Research projects on biodiversity, ecosystems and ecosystem services and human capital

Applying standards

- Supporting the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*

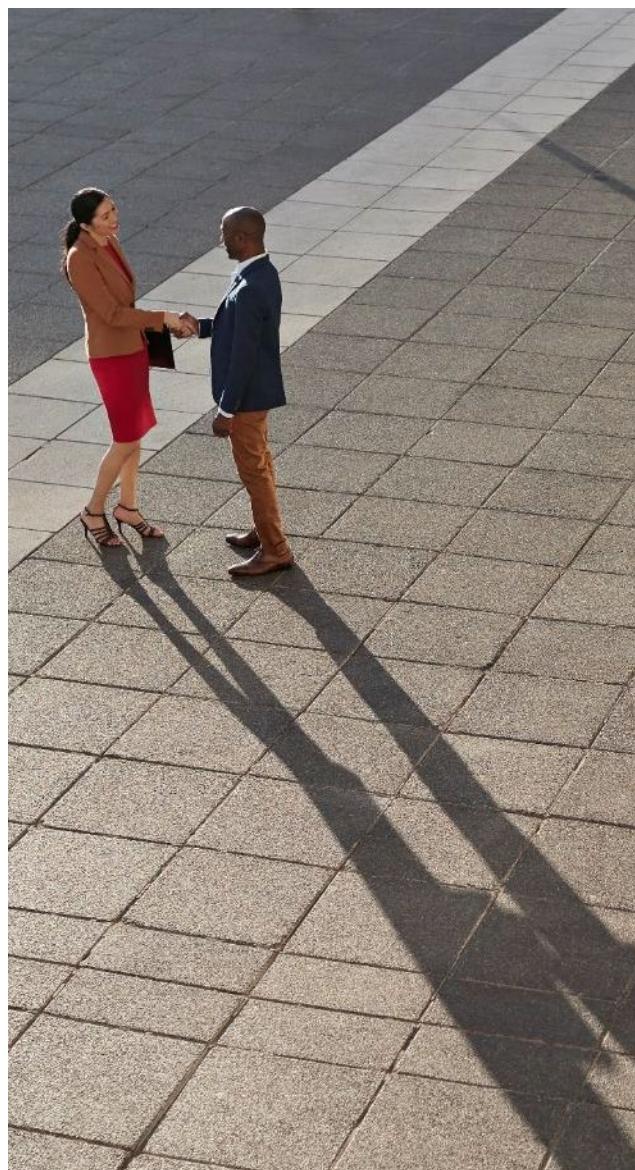
EY publications

► *IFRS Quarterly Tax Developments Q3 2024*

This [edition](#) of *IFRS Quarterly Tax Developments* for the quarter ended 30 September 2024, provides a quarterly overview of certain enacted and substantively enacted tax legislation and IFRS accounting developments, as well as certain regulatory developments and other items through 15 September 2024.

► *IFRS Developments Issue 232: Hyperinflationary economies (Updated October 2024)*

IFRS Developments Issue 232 provides a summary of countries that are hyperinflationary for IFRS Accounting Standards purposes as at 31 December 2024 and countries to monitor. The inflation data is based on the International Monetary Fund (IMF) World Economic Outlook (WEO) October 2024.



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