

China Accounting Alert

February 2025

China Accounting Alert provides an overview of new accounting standards for business enterprises and regulatory rules in the Chinese mainland, updates on IFRS and EY publications.

Mainland news and updates

- SSE releases 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 (Revised in December 2024)*

The SSE assessed the common issues in the application documents for IPO on the Main Board and the STAR market in Shanghai, revised and released 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 and its attached self-check form Initial Public Offerings No. 1](#) (Shang Zheng Han [2024] No. 3670), which became effective upon release on 31 December 2024.

The Notice 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Information Disclosure and Verification (Shang Zheng Han [2023] No. 657) issued by the SSE on 17 March 2023 has been repealed simultaneously.

- **SSE releases the *Guidelines for the Preparation of Sustainability Reports***

The SSE released the [Shanghai Stock Exchange Guideline No. 4 on Self-Regulation of Listed Companies - Guidelines for the Preparation of Sustainability Reports](#) (Shang Zheng Han [2025] No. 210) and the [Shanghai Stock Exchange Guideline No. 13 on Self-Regulation of Listed Companies on the Sci-Tech Innovation Board - Guidelines for the Preparation of Sustainability Reports](#) (Shang Zheng Han [2025] No. 211) (hereinafter referred to as the “Guidelines”), which became effective upon release on 17 January 2025.

The Guidelines include two specific annexes in their initial release: *No. 1: General Requirements and Disclosure Framework* and *No. 2: Response to Climate Change*, which are designed to assist listed companies in establishing robust sustainable development governance structures and management processes, while also providing comprehensive tools and resources for the preparation of high-quality Environment, Social and Governance (ESG) reports. Firstly, the Guidelines offer illustrative texts. By providing detailed working methods, key disclosure points, and sample texts, the Guidelines help listed companies better understand how to establish governance structures and management systems that align with sustainable development principles, as well as how to identify material issues and conduct effective disclosure practices. Secondly, the Guidelines provide more standard illustration. Given the extensive scope and professionalism in Environment, Social and Governance (ESG) reports, the Guidelines also provide explanations and clarifications on professional concepts, standards or requirements to help listed companies better understand the relevant rules. Thirdly, the Guidelines adhere to the principle of voluntary participation. While offering guidance, the Guidelines do not impose additional mandatory disclosure requirements. Listed companies can decide whether to refer to and apply the Guidelines on a voluntary basis.

- **SZSE releases the *Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings (Revised in 2024)***

To further enhance the quality of information disclosure in IPOs and applications for transfer listing, and to ensure the fulfillment of responsibilities of issuers in information disclosure and intermediaries

in information verification, the SZSE revised the *Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings (Revised in 2023)* and issued the [Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings \(Revised in 2024\)](#) (Shen Zheng Shang [2024] No. 1148), which became effective upon release on 31 December 2024.

The Business Guideline of the Shenzhen Stock Exchange for Review of the Issuance and Listing of Stocks No. 3 - Key Points for Review of Initial Public Offerings (Revised in 2023) (Shen Zheng Shang [2023] No. 778) issued on 25 August 2023 has been repealed simultaneously.

- **SZSE releases the *Guidelines for the Preparation of Sustainability Reports***

The SZSE released the [Guideline No. 3 on Self-Regulation of Listed Companies - Guidelines for the Preparation of Sustainability Reports](#) and the [Guideline No. 3 on Self-Regulation of Listed Companies on the ChiNext Board - Guidelines for the Preparation of Sustainability Reports](#) (Shen Zheng Han [2025] No. 53) (the “Guidelines”), which became effective upon release on 17 January 2025.

The Guidelines consist of two chapters. Chapter One “General Requirements and Disclosure Framework” provides a detailed explanation of the principle-based regulations for sustainability reports and the methodologies for identifying and analyzing material issues. It clarifies the disclosure requirements and examples for four key elements: governance, strategy, impact, risk and opportunity management, and metrics and targets. This chapter also establishes an overarching framework for the preparation and disclosure of sustainability reports. Chapter Two “Response to Climate Change” is divided into six sections. Sections One and Two respectively outline the assessment methods for impact materiality and financial materiality. Sections Three to Five provide practical guidance and examples on climate resilience analysis, greenhouse gas emissions calculation, and the development of transition plans. Section Six specifically addresses the key points for disclosing climate-related information.

- The Beijing Stock Exchange (BSE) releases the *Guidelines for the Preparation of Sustainability Reports*

The BSE released the [*Beijing Stock Exchange Guidelines for the Preparation of Sustainability Reports of Listed Companies*](#) (the "Guidelines"), which became effective upon release on 17 January 2025.

The Guidelines comprise two annexes: No. 1 *General Requirements and Disclosure Framework* and No. 2 *Response to Climate Change*. No. 1 *General Requirements and Disclosure Framework* provides a comprehensive explanation of the principle-based regulations for sustainability reporting and the methodologies for identifying

and analyzing material issues. It clarifies the disclosure requirements and examples for four key elements: governance, strategy, impact, risk and opportunity management, and metrics and targets. This part also establishes an overarching framework for the preparation and disclosure of sustainability reports. No. 2 *Response to Climate Change* outlines methods for assessing the materiality of climate change issues, including both impact materiality and financial materiality. It offers practical guidance and examples on climate resilience and scenario analysis, greenhouse gas emissions accounting, and the disclosure of climate transition plans. Additionally, this part provides detailed explanations of all main points of disclosure related to climate change.

International Accounting Standards Board (IASB) news and updates

IASB Update [January 2025](#)

Work plan overview	<ul style="list-style-type: none"> ■ IASB work plan update
Research and standard setting	<ul style="list-style-type: none"> ■ Pollutant Pricing Mechanisms ■ Business combinations – Disclosures, goodwill and impairment
Maintenance and consistent application	<ul style="list-style-type: none"> ■ Consistent application activities ■ Classification of cash flows related to variation margin calls on 'Collateralized-to-Market' contracts (IAS 7 <i>Statement of Cash Flows</i>) ■ IFRIC Update November 2024 ■ Provisions - Targeted Improvements ■ Updating IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>

International Sustainability Standards Board (ISSB) Update [January 2025](#)

Research and standard-setting	<ul style="list-style-type: none"> ■ Biodiversity, ecosystems and ecosystem services
Applying standards	<ul style="list-style-type: none"> ■ Supporting the implementation of IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> and IFRS S2 <i>Climate-related Disclosures</i>

EY publications

- *International GAAP® 2025 – The global perspective on IFRS*

By setting IFRS in a relevant business context, *International GAAP® 2025* provides insights on how complex practical issues should be resolved in the real world of global corporate reporting. It is an important tool for anyone applying, auditing, interpreting, regulating, studying or teaching IFRS accounting standards and IFRS sustainability disclosure standards.

To obtain free access to *International GAAP® 2025* on EY Atlas Client Edition, please visit ey.com/eyatlas to get started.

- *IFRS Developments Issue 234: Nature-dependent electricity – IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures amendments*

On 18 December 2024, the IASB published Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity. The amendments:

- Clarify the application of the “own-use” requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements

The effective date of the amendments is for annual reporting periods beginning on or after 1 January 2026, with early application permitted. Learn more about [IFRS Developments Issue 234](#).



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