Update on Standard Convergence (30 September 2021)

The MoF has been working on the revision of China Accounting Standards for Business Enterprises (CASBE) to maintain its convergence policy with IFRS.

As reported in the update dated 18 October 2019, the MoF was in the process of finalizing the Exposure Draft on Insurance Contracts standard, of which public comment had been sought. In December 2020, the MoF finalized and published CASBE 25 *Insurance Contracts* which is principally converged with HKFRS/IFRS 17 *Insurance Contracts*.

In November 2020, the MoF issued an Exposure Draft on CASBE Interpretation No. 14 on 1) accounting for Public Private Partnership and 2) Interest Rate Benchmark Reform—Phase 2 to maintain convergence with the corresponding IFRS/HKFRS, and finalized the Interpretation in January 2021.

In March 2021, the IASB issued an amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*, which extended the availability of the practical expedient in IFRS 16 *Leases*, so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. Subsequently, in June 2021, the MoF issued an amendment to the guidance on accounting for Covid-19-Related Rent Concessions to extend the availability of the practical expedient to lessees and lessors. Consistent with the original guidance, the practical expedient for lessors is not applicable to listed companies that issue A-shares and H-shares simultaneously or to companies listed overseas that adopt IFRS or CASBE in the financial statements. The corresponding amendment to the MoF's guidance on the extension of the availability of the practical expedient for lessees is principally converged with the amendment to IFRS/HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*.

The Institute will continue to work with the MoF on the ongoing convergence between CASBE and HKFRS.