



Update on Standard Convergence (21 November 2025)

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

As reported in the last update dated 13 November 2024, the MoF was in the process of finalizing its exposure draft on CASBE Interpretation No.18 regarding:

- 1) The subsequent measurement of investment properties being held as underlying items under the variable fee approach; and
- 2) The accounting treatment of warranties that do not constitute separate performance obligations.

On 6 December 2024, the MoF finalized CASBE Interpretation No.18 which is aligned in principle with the corresponding IFRS/HKFRS Accounting Standards.

Additionally, on 2 September 2025, the MoF issued an exposure draft on CASBE Interpretation No.19, covering the following topics:

- 1) Accounting for indemnification assets in a business combination not under common control;
- 2) Accounting for capital reserve related to the disposal of a subsidiary originally acquired through a business combination under common control;
- 3) Recognition and derecognition of financial assets and financial liabilities;
- 4) Assessment of the contractual cash flow characteristics of financial assets; and
- 5) Disclosure of equity instruments designated at fair value through other comprehensive income.

This exposure draft is also aligned in principle with the corresponding IFRS/HKFRS Accounting Standards.

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