



Update on Standard Convergence (28 October 2020)

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

In December 2019, the MoF issued CASBE Interpretation No. 13 to make minor amendments to CASBE 36 *Related Party Disclosures* and revise the definition of business in CASBE 20 *Business Combinations* to maintain convergence with the corresponding IFRSs/HKFRSs.

In May 2020, the IASB issued an amendment to IFRS 16 *Leases* to make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions. Subsequently, in June 2020, the MoF issued guidance on accounting for covid-19-related rent concessions to provide a practical expedient to lessees and lessors. In order to maintain convergence, the MoF's guidance for lessors is not applicable to listed companies that issue A-shares and H-shares simultaneously and the companies listed overseas that adopt IFRS or CASBE in the financial statements. The MoF's guidance on accounting for covid-19-related rent concessions for lessees is principally consistent with the amendment to IFRS/HKFRS 16 *Covid-19-Related Rent Concessions*.

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