

➤ **Q: How are intangible assets priced and amortized?**

A: The value of the intangible assets for the enterprises with foreign investment and foreign enterprises should be based on the original cost.

- a. The original cost of the intangible assets transferred shall be the actual payment made according to reasonable prices.
- b. The original cost of the intangible assets self-developed shall be the actual expenses incurred in course of development.
- c. The original cost of the intangible assets for investment shall be the reasonable price agreed in the contracts (or agreements).

The interest on the borrowings by enterprises for transfer and development of intangible assets prior to use of the assets should be included in the original cost of the intangible assets.

Amortization of intangible assets shall be computed by the straight-line method.

Intangible assets for investment or transferred may be amortized according to the agreed useful life, if any, in the contracts (agreements). Intangible assets without such an agreed useful life or self-developed shall be amortized over a period of not less than 10 years.

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