

Accounting Standard for Business Enterprises No. 10 - Enterprise Annuity Fund

Chapter I General Provisions

Article 1 To standardize the confirmation and measurement of enterprise annuity fund and the presentation of financial statements, these Standards are formulated in accordance with the Accounting Standard for Business Enterprises – Basic Standards.

Article 2 The term "enterprise annuity fund" refers to fund raised by an enterprise in the light of the enterprise annuity plan and the supplementary endowment insurance fund raised by its operating income of investment.

Article 3 The enterprise annuity funds shall be confirmed, measured and presented as independent accounting subjects.

The entrusting party, entrusted party, trustee, account manager, investment manager and other subjects providing services for the management of enterprise annuity fund shall strictly distinguish the enterprise annuity fund and its fixed assets from other assets so as to ensure the safety of the enterprise annuity fund.

Chapter II Confirmation and Measurement

Article 4 The enterprise annuity fund shall be confirmed and measured respectively on the basis of assets, liabilities, incomes, expenses and net assets.

Article 5 The assets formed by payments for the enterprise annuity fund and by the operation of the annuity fund shall include the monetary funds, settlement accounts receivable of securities, interests receivable, purchases of resale securities, other receivables, bond investments, fund investments, stock investments and other investments.

Article 6 During the operation of the enterprise annuity fund, the initial acquisition values and subsequent values of the national debt gained under the State investment scope, the financial debentures and enterprise obligations with the credit rating at the investment grade or above, convertible obligations, investment insurance products, securities investment funds, stocks and other financial products with good liquidity shall be measured as the fair value:

(1) The transaction price paid on the transaction date shall be measured as the fair value when an initially investment obtained. The transaction fee shall be directly recorded as profit or loss for the current period; and

(2) When estimating the value of an investment on the estimate day, the original carrying value of the investment shall be adjusted according to its fair value, and the difference between its fair value and its original carrying value shall be recorded as profit or loss for the current period.

The determination of the fair value of an investment shall be subject to the Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

Article 7 The liabilities formed during the operation of the enterprise annuity fund include the settlement accounts receivable of securities, beneficiaries' treatments payable, the management fees payable to the entrustee, the management fees payable to the custodian, the management fees payable to the investment manager, the taxes payable, the sale accounts of repurchased bonds, the interests payable, the commissions payable, and other accounts payables.

Article 8 The incomes formed by the operations of the enterprise annuity fund include the interest incomes on deposits, interests, from the buying of resold bonds, gains on the changes in the fair value, incomes of investment disposal, and other incomes.

Article 9 The incomes shall be confirmed and measured according to the following provisions:

- (1) The interest incomes on deposits shall be determined according to the principal and applicable interest rate;
- (2) The incomes from buying of resold bonds shall, within the time limit of securities loan, be determined according to the purchase price of the resold bonds, and the interest rate as stipulated in the agreement;
- (3) The gains on the changes in the fair value shall, on the estimate date, be determined according to the difference between the fair value of the investment on the current date and the original carrying value (namely the fair value of the investment on the previous estimate date);
- (4) The incomes of investment disposal shall be determined according to the difference between the price obtained from the sale of investment, and the carrying value of the investment; and
- (5) Other incomes such as risk reserves shall be determined according to the amount actually incurred.

Article 10 The expenses incurred during the operation of the enterprise annuity fund include the transaction expenses, management fees of the entrusted party the trustee, and the investment manager, the disbursements for the sale of repurchased bonds, and other expenses.

Article 11 The expenses shall be confirmed and measured according to the provisions as follows:

- (1) The transaction expenses, including the commission charge, commissions and other necessary disbursements paid to the commissioned agents, consultation agents and broker, the amount of which shall be determined in accordance with the actually incurred amount;
- (2) The management fees payable to the entrusted party, trustee, and investment manager shall be determined according to the actual amount of provisions;

(3) The disbursements for the sale of repurchased bonds shall, within the time limit for financing, be determined in accordance with the sales price of the repurchased bonds and the interest rate as stipulated in the agreement;

(4) Other expenses shall be determined in accordance with the actually incurred amount.

Article 12 The net assets of the enterprise annuity fund refers to the balance of the assets of the enterprise annuity fund minus liabilities. The date of balance sheet shall carry forward the incomes and expenses of the current period into the net assets.

Different accounts shall be created for the net assets of an enterprise in view of the enterprise itself and the individual employees, and the distributed operating proceeds shall timely be recorded in each of the aforesaid accounts in accordance with the plan of the enterprise on annuity fund.

Article 13 The net assets shall be confirmed and measured in accordance with the provisions as follows:

(1) For the payments collected from the enterprise and employees, the net assets shall be increased according to the amount received;(2) For the treatments paid to the beneficiaries, the net assets shall be reduced in accordance with the amount payable;

(3) As the transfer-in amount of an individual account incurred due to an employee's transfer into the enterprise, the net assets shall be increased; and

(4) As the transfer-out amount of an individual account incurred due to an employee's transfer out of the enterprise, the net assets shall be reduced.

Chapter III Presentation

Article 14 The financial statements for the enterprise annuity fund include the balance sheets, net assets change statements and annotations.

Article 15 The balance sheet shall reflect the financial status of the enterprise annuity fund on a specific date. It shall be presented and sorted by the assets, liabilities and net assets.

Article 16 The items of the assets shall at least present the information as follows:

(1) The monetary fund;

(2) The settlement accounts receivable of bonds;

(3) The receivable interests;

(4) The purchases of resold securities;

- (5) Other accounts receivable;
- (6) The bond investments;
- (7) The fund investments;
- (8) The stock investments;
- (9) Other investments; and
- (10) Other assets.

Article 17 The items of the liabilities shall at least present the information as follows:

- (1) The settlement accounts payable of bolder;
- (2) The beneficiaries' treatments payable;
- (3) The management fees payable to the entrustee;
- (4) The management fees payable to the trustee;
- (5) The management fees payable to the investment manager;
- (6) The taxes payable;
- (7) The amounts from the sale of repurchased bonds;
- (8) The payable interests;
- (9) The commissions payable; and
- (10) Other payables.

Article 18 The items of the net assets shall present the net value of the enterprise annuity fund.

Article 19 The net assets change statements shall reflect the increases and reductions of the net assets of the enterprise annuity fund, and present the information as follows:

- (1) The opening net assets;
- (2) The current amount of increase of the net assets, including the current incomes, payments collected from the enterprise, payments collected from the employees, transfer-in of individual accounts;

(3) The current amount of reduction of net assets, including the current expenses, treatments paid to the beneficiaries, transfer-out of individual account; and

(4) The closing net assets.

Article 20 The annotations shall disclose the information as follows:

(1) The main contents and important changes of the annuity fund plan of an enterprise;

(2) The sorts of investments, amounts, and methods for the confirmation of the fair value;

(3) The proportion of each kind of investments to the total amount of investments; and

(4) Any other item that is likely to cause important influence on the investment value.