

Accounting Standard for Business Enterprises No. 35 - Segment reporting

Chapter I general provisions

Article 1: the standard is formulated in accordance with the Accounting Standards for Enterprises - Basic Standards for the purpose of regulating the preparation of segment reporting and disclosure of relative information.

Article 2: for diversified business or cross district business, enterprises shall disclose segmental information as the Standard. But, except that law otherwise regulates.

Article 3: enterprises shall disclose segmental information on basis of provided financial statement.

For providing consolidated financial statement, enterprises shall disclose the segmental information based on the consolidated financial statement.

Chapter II Determination of reporting segment

Article 4: enterprises shall distinguish the business segment and district segment, if segment reporting information is provided.

Article 5: 'Business segment' means that the segment is compounded with single or a set of relative products which could be distinguished and provided or labor service. The segment is different from others' risk and income.

For determination of business segments, in according with the requirement of inner management and, enterprises shall consider following situations:

for the property of single product or labor service, products or labor service include specification, type and ultimate use.

for the property of process, include adopted production of labor intensive or capital intensive, same or similar equipment and materials, adopted contract production or processing and so on.

For the customer classification of products or labor service, include large lot customer or sporadic customers.

For manners of sales of products or provision of service, include wholesales, retail, sale and product by itself, commission sales and contract sales.

For the influence of law and administrative regulations on production of products or provision of service, include business scope or price limit of transaction and so on.

Article 6: 'District segments' mean, in a specific economical environment, the dipartite segments of providing products or labor service. The risk and income of the segment is different from that of other providing products or labor service in other economical environment.

For determination of district segments, in according with the inner management, enterprises shall consider the following situation:

for similar economical & political environment, include stable degree of economical & political in the region of business overseas.

For the business relationship among different regions, include production in some regions but sales in other regions.

For the business degree, include products whether needed further process in other regions.

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For the special risk in according with the business in some specific regions, include abnormal changes of climate.

For the regulations of foreign exchange, whether implementing foreign exchange control

Foreign exchange risk

Article 7: if there are two or more business segments or district segments meeting the following situations, it shall be consolidated:

for the close long-term financial performance, include close long-term average gross profit rate, long-term investment return rate and cash flow in the future, etc.

similar situations are considered to determine the business segments or district segments.

Article 8: enterprises shall determine the reporting segments on basis of business segments or district segments.

For most income of business segments or district segments is derived from foreign trade, which meets the following conditions, shall be determined reporting segments.

the income of segments accounts to 10% or more in the all of segments

absolute profit (deficit) from the segment accounts to 10% or more of the more one between the absolute amounts of total profit and the absolute amounts of total deficit.

The segmental assets account to 10% or more in the total assets of all segments.

Article 9: if business segments or district segments not meet the condition of Article 8 of the Standard, enterprises shall process them as following regulars:

the scale of the segments is directly appointed as reporting segments without considered.

For not appointed as reporting segment, the segment shall be combined with other one or more segments without meeting the Article 8 of the Standard.

For the segment not appointed or combined with others, it shall be disclosed independently in the other items.

Article 10: for the total external transaction income of the reporting segments, which accounts to 75% less of total consolidated income or total income of enterprises, the other segments shall be determined as reporting segments (even if they don't meet the condition of article 5 of the standard) until the rate is to 75%.

Article 11: for the inner management is divided by the different level of vertical integration, even if the most of income is not derived from external transaction, the level of vertical integration shall be still determined as the independent reporting business segments.

Article 12: for the determined reporting segments in the last period and considered it important in the current period by enterprises, even if the segments in the current period don't meet the Article 8 of the Standard, they shall be determined as reporting segments.

Chapter III disclosure of segmental information

Article 13: enterprises shall distinguish the primary report form and secondary one.

(1) for the influence of different products and labor service on risk and profit, business segments are the primary disclosed forms and district segments are the secondary one.

(2) for the influence of the business activities in different countries or districts on risk and profit, district segments are the primary disclosed forms and business segments are the secondary one.

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(3) for the risk and profit influenced by both difference of products & labor service and difference of business activities in different countries or districts, business segments are primary disclosed forms and district segments are secondary.

Article 14: for primary reporting forms, enterprises shall disclose segmental income, expense, profit and loss, total assets and total liabilities and so on.

Segmental income shall, which derived from external transaction income and other segmental transaction income, be separately disclosed.

Segmental expense is derived from segmental external transaction and other segmental transaction. Segmental depreciation charge, amortization charge and other great non-cash expenses shall be disclosed separately.

Segmental profit and loss is balance of segmental income deputed by segmental expenses.

Segmental profit and loss adjusted by the minority of shareholders is in the consolidated profit statement.

Segmental asset is belong to the assets of the segment in business activities, excluding deferred income tax.

Disclosed amounts of segment assets shall be determined based on the deducted depreciation or amortization charge and accumulated devalue preparation.

The period of total in-produce construction cost, fixed assets and intangible assets shall be disclosed separately.

'segmental liabilities' means the segmental liabilities are incurred from segmental business activities

Article 15: for the segmental daily work in the financial scope, the interest income and interest expenses shall be disclosed as segment income and expenses.

Article 16: the disclosure of segmental information shall be corresponding with the consolidated financial statement or information of total amount.

Segmental income shall be corresponding with external transaction of enterprise (not included in any segmental income derived from external transaction); segmental profit (deficit) shall be corresponding with operation profit (deficit) and net profit (deficit); segmental total assets shall be corresponding with total assets of enterprise; segmental total liabilities shall be corresponding with total liabilities of enterprise.

Article 17: for the primary reporting form of segmental information is business segment, shall disclose following information by secondary reporting form:

for the district segment shall, whose external transaction income account to 10% or more among the enterprise's external transaction, disclose the external transaction income based on the district of external customers.

For the district segment shall, whose segmental assets account to 10% or more in all of districts, disclose the segmental total assets based on the district of assets.

Article 18: for the primary reporting form is district segment, shall disclose following information by secondary reporting form:

the external transaction income accounts to 10% or more in that of enterprise, business segmental shall disclose the external transaction income.

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For the segmental assets account to 10% or more in that of enterprise, business segment shall disclose the segmental total assets.

Article 19: for transferred transaction among the segments, the actual transaction price is the basic calculation. The disclosure shall include the defined basis of transferred price and its situation of change.

Article 20: enterprise shall disclose the segmental accounting policy, but expect the consistent between accounting policy and consolidated financial statement or enterprise's financial statement.

For the great influence on segmental change of accounting policy, it shall be disclosed and required to provide comparable data, in according with <Accounting Standards for Enterprises No. 28 - Changes of Accounting Policies and Accounting Estimates and Error Correction>. If the provided data not available, shall explain the cause.

For the change of classification and provided data not available, enterprise shall separately disclose segmental information from the report to be changed and changed report in the year of change the classification.

Segmental accounting policy means, the accounting policy specially corresponding with segment report and adopted accounting policy which is be used to prepare consolidated financial statement or enterprises' financial statement. The accounting policy includes, which is specially corresponding with segmental report, determination of segment, the method transferred price, and basic of income and expenses distribution.

Article 21: When enterprises disclose the segmental information, enterprises shall provide comparable date in prophase. But, expect that comparable date not available.

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