

CHINA ACCOUNTING STANDARDS COMMITTEE

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June 9, 2003

Sir David Tweedie
Chairman
International Accounting Standards Board
First Floor, 30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir David Tweedie,

Comments on Exposure Draft of Proposed Improvements to International Accounting Standards “IAS 24 Related Party Disclosure”.

We would like to call the Board's attention to one issue that we believe deserves clarification and you work to finalise the above standard.

We suggest that IASB should retain the existing requirements in para 4(d) regarding state-controlled enterprises disclosure. In China, most enterprises are state-controlled, and if all the transactions between them are required to be disclosed, that will be too much burden on them. In the meantime, IASB should feel confident in national standard-setting bodies that they will develop practical criteria in order to determine whether state-controlled enterprises are related parties or not based on their own situations.

For example, Chinese accounting standard of related party disclosure has the following requirement:

State-controlled enterprises should not be regarded as related parties simply because they are subject to control from the State. However, where they form a relationship of a parent and a subsidiary, or an associate or joint venture, or they are controlled by the same enterprise, or they are directly controlled by the same key management personnel or their close family members, they should be regarded as related parties. This

requirement is confirmed practical by the existing Chinese practice.

Thank you very much for your attention regarding this issue..

Best Regards,

Yours sincerely,

Feng Shuping
Secretary-General
China Accounting Standards Committee