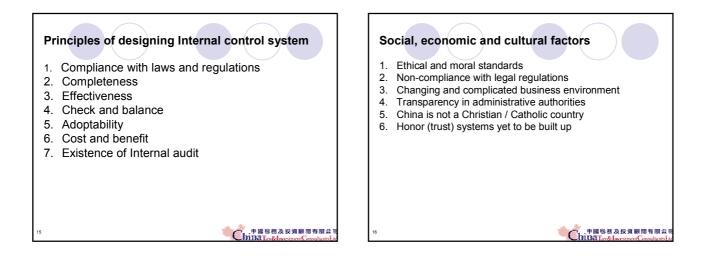
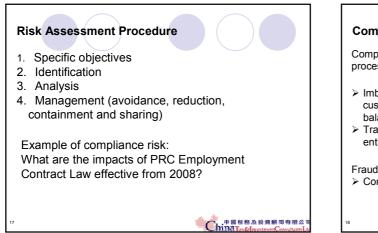


Segregation of duty in a sale system Designing a sale system 1. Signing sales agreement vs. approving SA Sales Agreement 2. Sales department vs. goods delivery department Approval 3. Sales department vs. billing department Execution and signing 4. Delivery vs. warehousing > Authority to sign 5. Accounting vs. treasury/cashier (custody of checks and bills receivable) Credit department 6. Goods return approval vs. goods receipt Approval 7. Account confirmation vs. sales staff Credit policy 8. Warehousing vs. record keeping > Credit monitoring (i.e. check tax defaulter list 9. Credit department vs. sales department on website of tax bureau) 中國穆務及投資顧問有限公 中國秘密及投資顧問有限公









Common type of risks in China business

Tax related risks

- Deemed sale rules under VAT regulations: goods given up as gifts; change in possession; change in use
- Control over VAT special invoices: issue and custody – invoice stamps
- Centralized inventory system: bonded goods (untaxed) are mixed with the general goods (taxed)

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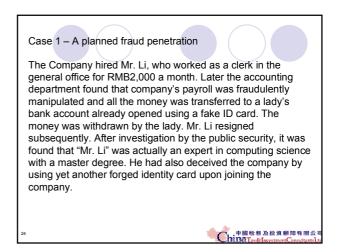
Common type of risks in China business Coping with risks in China business Information asymmetry Non-tax related risks 1. Staff loyalty and integrity - character checks; 1. What is it meant? authentication on employee ID cards 2. Why is it important? 2. Control over stamps: (i) types of stamps, corporate 3. How to close the gap? stamp (公章), contract stamp (合同章), finance stamp (财务章), invoice stamp (发票章), customs Typical Questions stamp (報關章) individual stamp (私章); (ii) Stamps > Is it lawful to discipline the employee by deducting in physical and electronic forms money from his/her gross pay? > Does the legal rule of endorsement work for postdated cheques? Chinat Al Chinax et

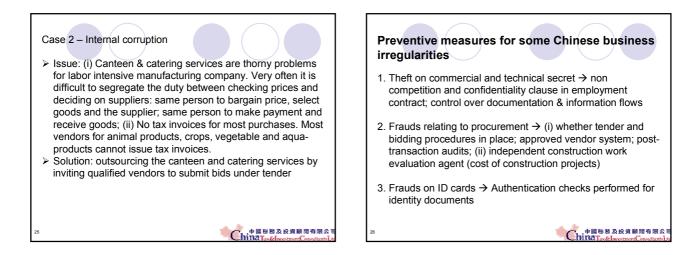
Common type of fraudulent activities

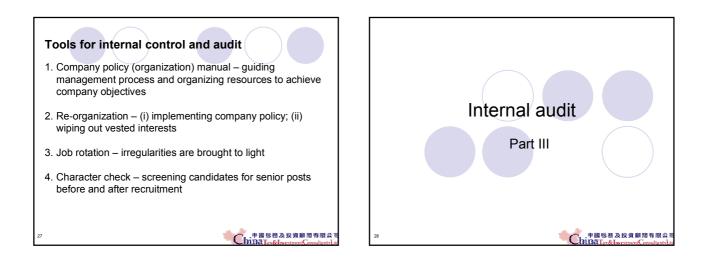
- 1. Commercial corruption
- 2. Infringement on IPR
- 3. Forgery / deception
- 4. Theft (commercial / technical secret)

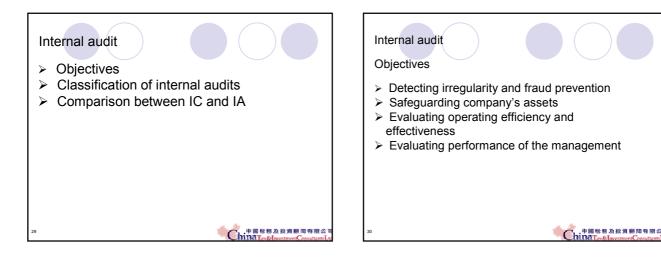
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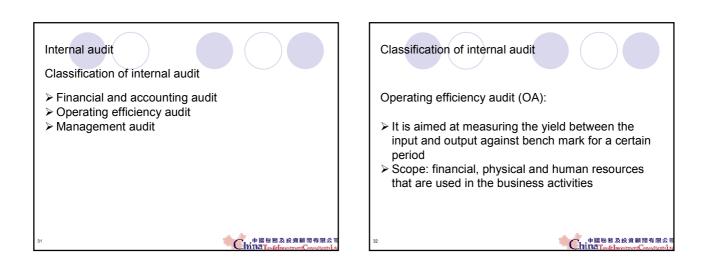
5. Embezzlement

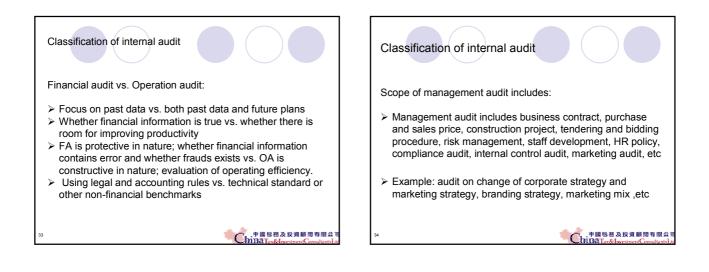




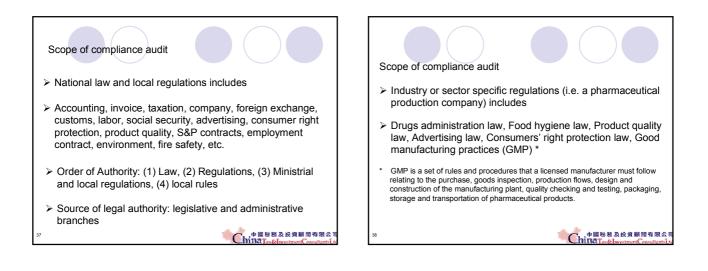


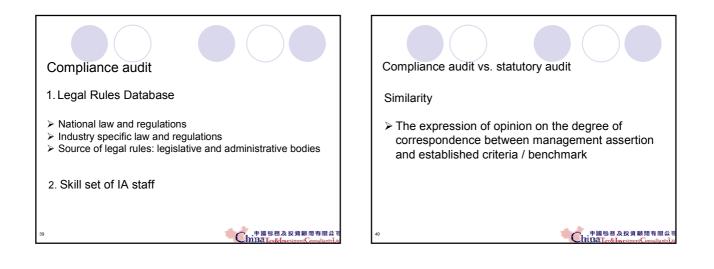


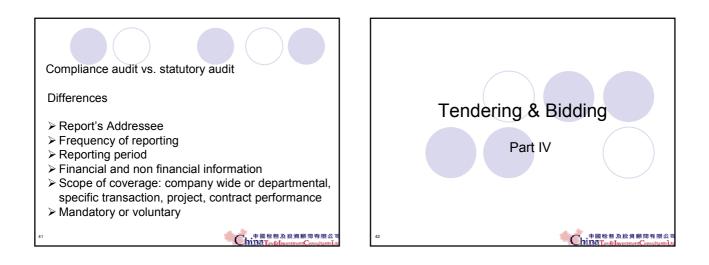




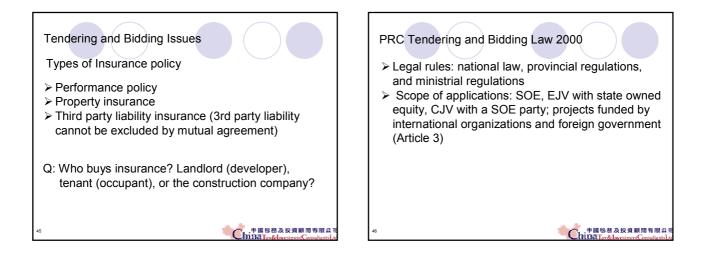


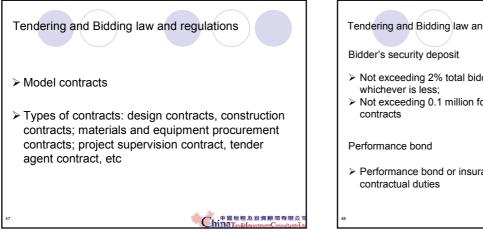


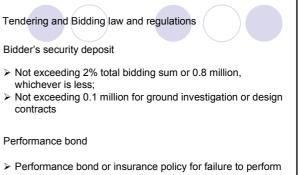




Tendering and Bidding Policy (Engineering & construction) Tendering and Bidding Policy Management process and procedures Division of duty and authority 1. Project classification and approval limits Engineering department > Project teams 2. Feasibility study, project proposal and approval Project supervising committee 3. Organization of departments and authority > Bidders management (qualification and periodic review) 4. Project administration Tender and bidding administration team 5. Internal control system Bids evaluation team 6. File management > Legal department Internal audit > Investment department Accounting and finance department Chinat 中國秘密及投資顧問有限公







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Tendering and Bidding Law and Regulations

Relevant provisions in the legal rules

- Minimum no. of bidders: >= 3 (Art. 28)
- > Tenderor may appoint agent to act (Art. 12)
- > Time and venue for opening bids (Art. 34)
- > Verifying the seal integrity by public notary (Art. 36)
- Bid evaluation committee (Art. 37)
- Giving notice to bid-winner in 7 days (Reg. 47 GD)
- Signing contract with bid-winner within 30 days of notice of bid winning; Contract terms differing from tendering documents are unlawful (Art. 46)

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