

Rödl & Partner

Minimising risks

Company Health Check Asia

NO STEP



Minimising risks

“A new market entry or the expansion of business activities abroad often arise a couple of rather complex questions. Differing legal regulations, pitfalls in the respective tax law or various liability issues need to be mastered in order to successfully manage a market entry. Our Company Health Check Asia aims at identifying and minimising these risks – because only a healthy company is well prepared for setting foot to Asia.”

Compliance: An introduction

Internationally active companies have to comply with extensive national and international regulations in a variety of legal fields. Compliance refers to the (non-) fulfillment of these requirements.

Depending on the individual violation, the company, the management and other responsible parties may have to face legal consequences – ranging from sensitive fines and claims for damages to the often financially unmanageable loss of the customer's confidence in the integrity of the company.

In today's fast-moving business environment, the complexity of regulations and circumstances often leads to a multitude of risks, which, depending on the regulatory area, may only be discovered during a subsequent audit. This problem can be tracked down by means of a „health check“.

Specific risks in Asia

Upon starting business activities in Asia, a company may experience a shift in compliance risks, or foreign legislations may open new and yet unfamiliar risk areas in addition to the well-known risks in the fields of corruption or money laundering. Below please find 2 examples from our advisory practice:

1. Risks arising from state control over land; land for e.g. the construction of a production plant can only be „leased“ for a limited period of time in various mainly communist Asian countries. Such leases often turn out to be ineffective due to a formal error or an unauthorized landlord as contractual partner. In this case, the property may be „confiscated“ at any time. This may of course lead to severe financial losses.

-
2. Permits to set up a foreign company: Foreign companies wishing to set up a subsidiary in Vietnam, for example, require an official permit to do so. The approval requires a detailed description of the respective investment and thus needs to be constantly adapted to changing circumstances e.g. in the event of a change in ownership or upon expansion of, restriction of, or any change in the business purpose. Failure to do so may result in fines or a withdrawal of the license.

The dangers mentioned here as examples may only be countered by an effective risk management within the company. The latter requires:

- to first and foremost identify such risks in the foreign business environment;
- to implement effective procedures for an appropriate risk minimisation,
- to constantly keep monitoring and improving these procedures.

Fully understanding the complexity of this challenge, Rödl & Partner supports your company with a professional health check.

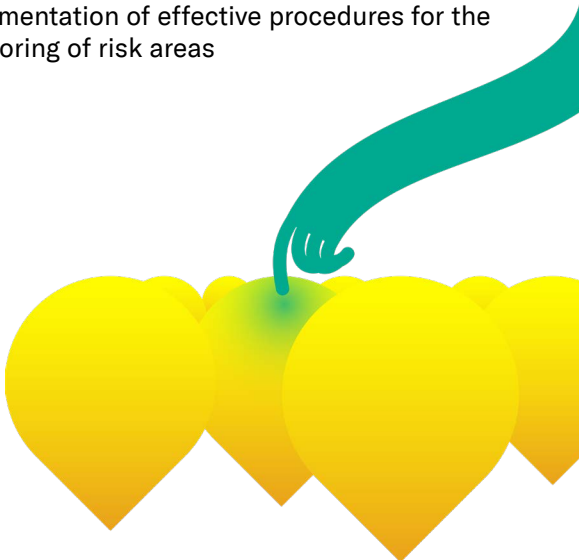
Our services

Risk Assessment Compliance / Company Health Check

- Individual identification of the risk areas, limitation of the audit fields in close consultation with the client
- Verification of the regularity of existing licenses and land allocation procedures in accordance with local legislation
- Comprehensive report on the findings of the Company Health Check
- Proposals for the elimination or minimization of potential risks
- Reduction of the liability risk of the company and those responsible within the company

Prevention of risks

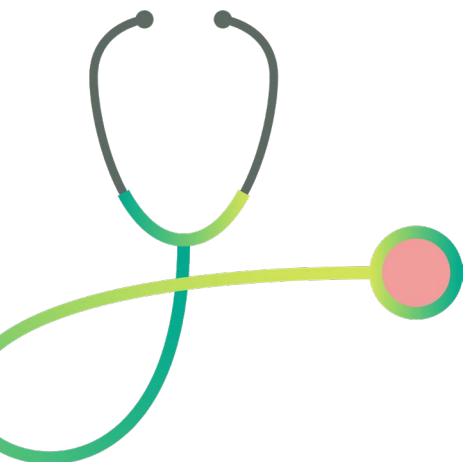
- Advice on the prevention of similar risks in the future
- If necessary, training of internal employees and setup of corresponding checklists
- Optimisation of organisational procedures
- Implementation of effective procedures for the monitoring of risk areas



Who might need the Health Check?

The Health Check specifically offers benefits for those companies which

- do not yet conduct compliance risk management at all or have only partially implemented it,
- want to minimise the potential risks,
- want to restructure their corporate procedures and increase their efficiency,
- have already discovered or fear to discover inaccuracies in the area of compliance,
- had their licenses granted a long time ago and / or have altered the focus of their business activities,
- would like to change the focus of their activities,
- want to acquire new business units or parts of companies.



Your contact

In Germany:

FOR ASIA:

Prof. Dr. Peter Boemelburg
T +49 911 9193 2100
peter.boemelburg@roedl.com

FOR ASEAN:

Markus Schlueter
T +49 221 9499 09 342
markus.schlueter@roedl.com

FOR CHINA:

Dr. Thilo Ketterer
T +49 911 9193 3062
thilo.ketterer@roedl.com

FOR INDIA:

Martin Woerlein
T +49 911 9193 3010
martin.woerlein@roedl.com

As attorneys, tax advisers, management and IT consultants and auditors, we are present with 111 own locations in 50 countries. Worldwide, our clients trust our 4,900 colleagues.

www.roedl.com