Minimising risks

Company Health Check Asia
“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.”

Rödl & Partner
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.
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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.