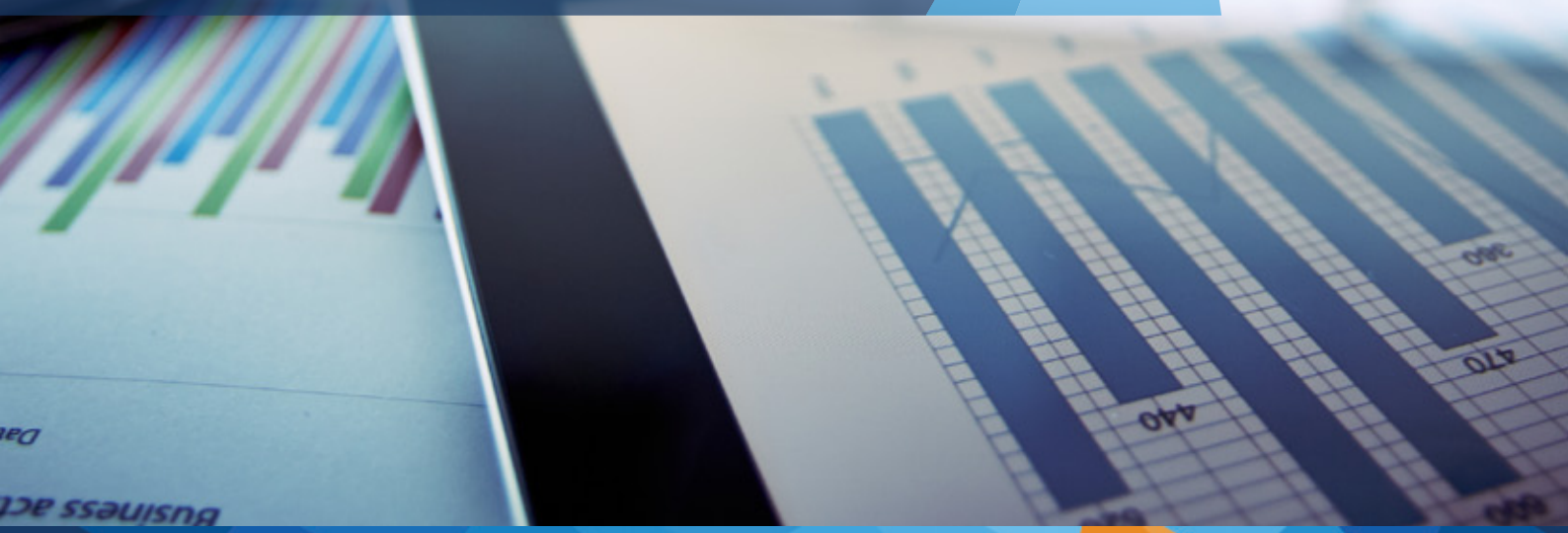




Business Risk Management & Analysis

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Business Risk Management & Analysis

Managing business risk and creating a strong business risk management program is increasingly important in ensuring the success of an entity. Performing an annual business risk analysis is one effective tool used by companies in their risk management program to manage their business risk.

During the performance of a business risk analysis, it's important for management to use various sources to compile the more significant risks faced by the Company. The management involved in this process would typically consist of the Company's leaders, and can include internal and external legal counsel, the finance department, operational management and others. A business analysis risk assessment – assessing, combining and grouping the risks as identified in this process, as well as determining the Company's responses to those risks, is usually based upon management's perception of which risks are more significant to the Company in the current environment.

A management team should conduct this business risk analysis with input from the Chief Executive Officer, Chief Financial and Operating Officers, the Chief Legal Officer, Senior Operating management as well as finance, information technology, system and internal control specialists. Careful consideration should be given to risk management ownership and accountability, with different kinds of risks (technology, security, continuity, regulatory, financial etc.), defined. Risk tolerance profiles, root cause analyses and risk brainstorming sessions, quantitative and/or qualitative risk measurements are all useful in the process.

A Company's general overall risk management process should consist of a variety of activities, such as the following:

- Bi-weekly meetings held with senior management to discuss various topics such as
 - The appropriateness of the organizational structure in light of the companies objectives, strategies and future plans
 - Key business and IT initiatives including consideration of the linkage between business initiatives and IT initiatives.
 - Review of key IT projects underway/planned (project status communicated by the tech VP)
 - Regulatory requirements
 - The appropriateness of communication flow within the organization (upstream, downstream and across business activities)
 - That organization charts clearly define control responsibilities for executives and their managers, levels and lines of reporting are designed as appropriate
 - The Information technology department is sufficient for the company needs
 - General levels of staffing are sufficient, managers and supervisors have sufficient time to carry out their responsibilities effectively
 - Review of the HR director's monthly report on compliance with established HR policies and procedures
 - Legal and other reserves (quarterly) as required

- Operations review (weekly) – includes review of financial templates and variance analysis (including actual results and explanations for actual versus forecast)
- Frequent meetings with the CEO and different departments' employees every quarter together with their VPs, to promote the Company's culture and history are important in the risk management process. A Company's Business Values should be an in-depth topic on an annual basis. Additionally, frequent meetings with the CEO and department heads are useful to discuss strategy and mitigate risks.
- A disclosure committee, together with external and internal counsel can review quarterly and annually the Company's disclosed risks in any filed reports discussing can also help ensure that the Company's risk disclosures are up-to-date and complete.
- If the Company retains in-house legal counsel, periodic meetings with business-line heads to ensure the legal department is kept current on changing business and environment factors can be an important part of a Company's risk mitigation
- Having an active audit committee which reviews the Company's annual and/or quarterly filings if applicable, assists with the identification of external risks and helping ensure adequate disclosure in the company's periodic reports

Risks to the Company can be categorized into four general areas of risk; Market Overview (external), the external market in which the company operates, Strategy (Internal), Value Creating Activities – activities that strengthen financial performance, and Financial Performance – risk information and financial measures used to assist with managing the Company. These categories are generally defined as follows:

Market Overview (External)

In general, Market Overview is as set of the risks in the competitive, regulatory and macro-economic environments. The competitive environment consists of the opportunities and threats that encompass a company's industry and other factors, such as the appeal of the company's products and services in current markets and likely changes in the future. The regulatory environment, such as the nature of, and changes to laws and regulations, income tax and customs rates and regulations, can have an enormous impact on business activity, as well as the degree of supervision and control exercised by external regulators. Also to be considered is the macro-economic environment and the macro-economic factors that impact performance such availability and cost of capital, shifts in demographics, trends, and the like.

Strategy (Internal)

Internal Strategy includes management's key goals and objectives, targets, and milestones, and the actions required to meet strategic aims, as well as strategic and organizational alignment and the communication of that organizational alignment internally and externally. Internal Strategy includes the consideration of resource plans and needs, expansion plans and reliance on certain services lines. Important in this area is how the Company's corporate governance influences the Company through supervision, oversight, and the accountability of the board of directors and management.

Value Creating Activities

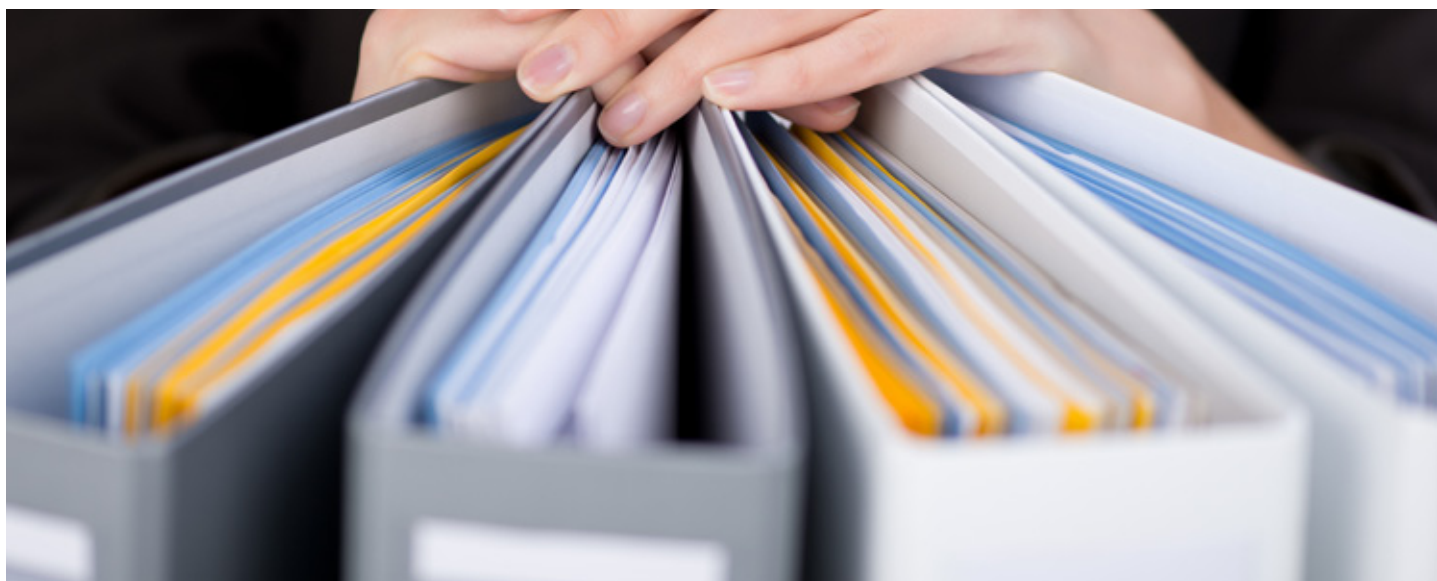
Value Creating Activities are activities which facilitate the increase of customers buying the Company's goods or services or influence positively customers' future buying behavior. Additionally important are activities which help with key employee retention and enhancement of the innovation process, including full utilization of technology resources, creating new business models and making value from the intangible assets of the business. Other value creating activities involve the enhancement and strengthening of a Company's brand, its supply chain and the infrastructure that supports it.

Financial Performance

Financial Performance consists of the risks related to results of operations and financial condition, such as assets on the balance sheet, trends in working capital and the ability to fund both short and long-term growth opportunities. Economic and segment performance needs to be understood, as well as the Company's risk profile and its risk in order to establish the appropriate cost of capital and required returns. Furthermore, Financial Performance should include assessing risks over management's attitude toward the selection of its accounting policies.

Management's Response or Risk Strategy as a Result of the Business Risk Analysis

Generally, management's approach to each risk identified is to adopt one of four strategies; transfer the risk, manage it, avoid the risk or accept it. The Company should identify those risks; assess the likelihood of occurrence and possible outcomes and determine management's specific responses to those risks. It's vital for the Company to document its analysis, categorization of risks and responses selected, as well as monitoring the activities and results of the risk assessment program. This ensures the Business Risk Analysis and risk assessment program is measured for effectiveness and altered as necessary. The formalization of a risk assessment program, with the use of an annual Business Risk Analysis process is important and can help a Company



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Combining years of international expertise with practical Chinese experience and knowledge, LehmanBrown offers expert advice and support to both local and international clients. Within the mid - tier, we are regarded as a market leader and our clients enjoy access to a combination of senior and experienced counsellors from both China and abroad.

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综合多年的国际经验和对中国市场的深刻理解和实践体验，我们向广大国内外的客户提供高质量的专业服务和意见帮助。在雷博国际会计的服务过程中，我们作为市场中的佼佼者，您将得到来自中国本土以及其它国家的高级资深专家热忱的咨询帮助。

我们深刻认识到每一位客户都是独一无二的，并都有其独特的业务需求。雷博国际会计承诺将根据客户的不同业务需求，为客户提供个性化的财务解决方案。我们的专业人员将密切与您合作，以充分了解您独特的业务需求，从而提供满足您所需要的高时效、高质量的专业服务。

Professional Services

Audit & Assurance

External Audit

China Statutory Audit

US GAAP Audit

IFRS Audit

Hong Kong Statutory Audit

Internal Audit

Fraud Investigation

Forensic Accounting

Special Purpose Audit

Foreign Currency Audit

Royalty Audit

Capital Verification Audit

Valuation Services

Corporate Valuation

Damage Assessment Valuation

Intellectual Property Valuation

Asset Valuation

Special Purposes Valuation

Corporate Finance

Debt Restructuring

Acquisition, Disposal & Financing

Mergers & Acquisitions

Transaction Advisory

M&A Divestiture

M&A Integration

Financial Due Diligence

Business Services

Company Registration & Maintenance

Market Entry Advisory

Updating Company Certificates

Annual Inspection & Reporting

Company Secretarial Services

Company Ownership Transferring/Corporate Restructuring

Background/Credit Checking

Company Deregistration & Bankruptcy

HR Support Services

China Visa Services for Expatriates

Social Welfare Structures

Outsourcing Services

Accounting & Bookkeeping

Budgeting & Forecasting

Financial Statement Preparation

Head Office Reporting

Financial Management

Interim Financial Management

Finance Manager Function

CFO Function

Cash Flow Management

Treasury Management

Set-up of Bank Account

Payroll Services

Payroll Processing Setup

Expatriate Employees

Local Employees

Secondment & Temping Service

Chop Custodian Services

Taxation Services

Individual Tax Planning (IIT)

Tax Immigration & Investment Review

US & Overseas Personal Income Tax Planning & Filing

IIT Tax Payment Facilitation

Application for Individual Income Tax Refund

Expatriate Staff Individual Income Tax Staff Filing

Local Staff Individual Income Tax

Company Taxation (CIT)

Tax Consulting

Corporate Tax Planning

Business Restructuring

Value Chain Review

Onshore / Offshore Investment

Transfer Pricing

Tax Compliance

Tax Due Diligence

Tax Deregistration

Negotiation of Tax Penalties

Tax Refund Application

Tax Representatives for Tax Audit

VAT & Customs Duty Clearance

PRC Tax Receipt Verification

VAT Application

VAT & Sales Tax Filing

Corporate Income Tax Reporting

Specialist Accounting & Risk Management

Internal Controls

Systems

Risk Management

Sarbanes - Oxley (SOX 404)

GAAP, SEC & IFRS Compliance

US GAAP

US GAAP Financial Statement Preparation

US GAAP Conversion

Other GAAP

GAAP Conversion

Public Company Compliance

Financial Statement Preparation

IFRS

IFRS Accounting Repackaging

IFRS Financial Statement Preparation

IFRS Public Company Compliance

SEC

SEC Public Company Compliance

Legal Services

Legal Advisory

Labour Legal Advisory

Workforce Downsizing Advisory

Labour Tribunal Assistance & Advisory

Labour Law Review & Audits

Review & Preparation of Employment Contracts

Corporate Legal Advisory

Legal Due Diligence

Corporate Restructuring Advisory

Review & Preparation of Articles of Association (AoA)

Review & Preparation of JV Contracts

Review & Preparation of Repatriation Agreements

Other Legal Services

Dispute Mediation & Advisory

Trademark & Intellectual Property Advisory

Debt Collection Assistance

Litigation Support

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如需为个人或企业获取更多的增值服务及业务协助信息，请与我们联系。

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