

US and PRC listing services introduction

Listing in the US

Sarbanes-Oxley Act — the purpose



Disclosure of corporate internal controls

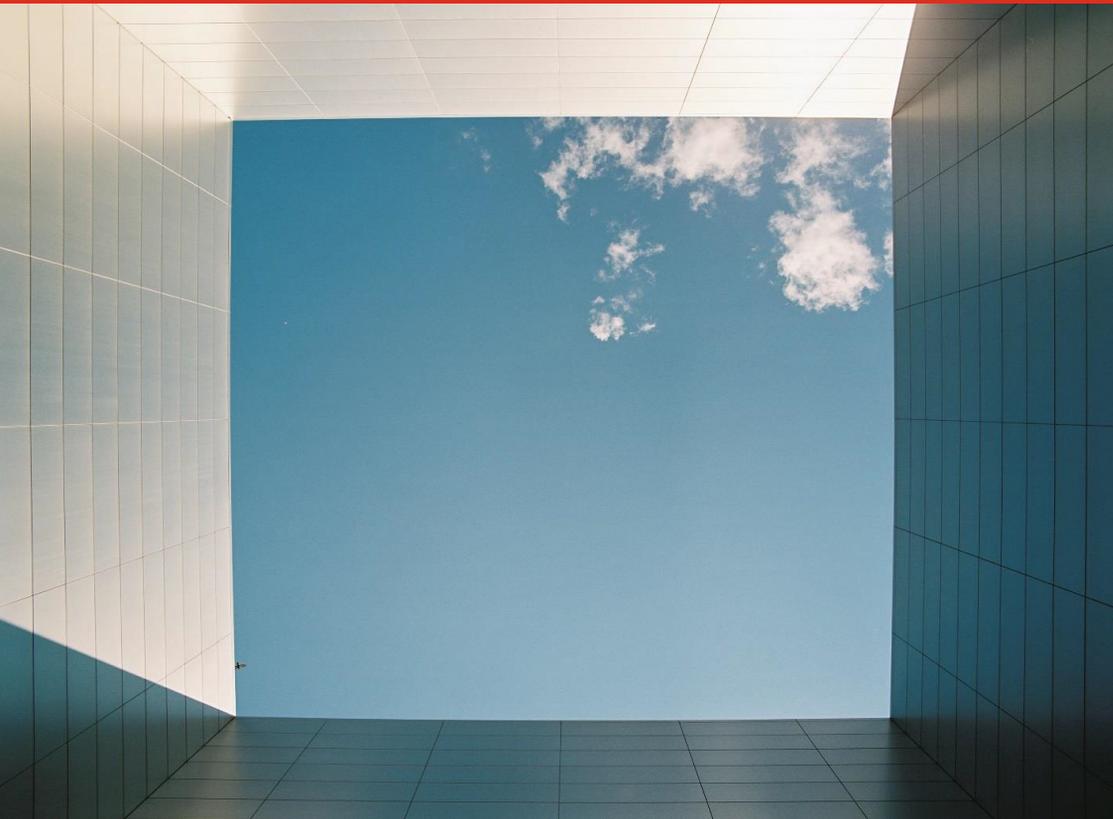


Strong and positive 'tone from the top'

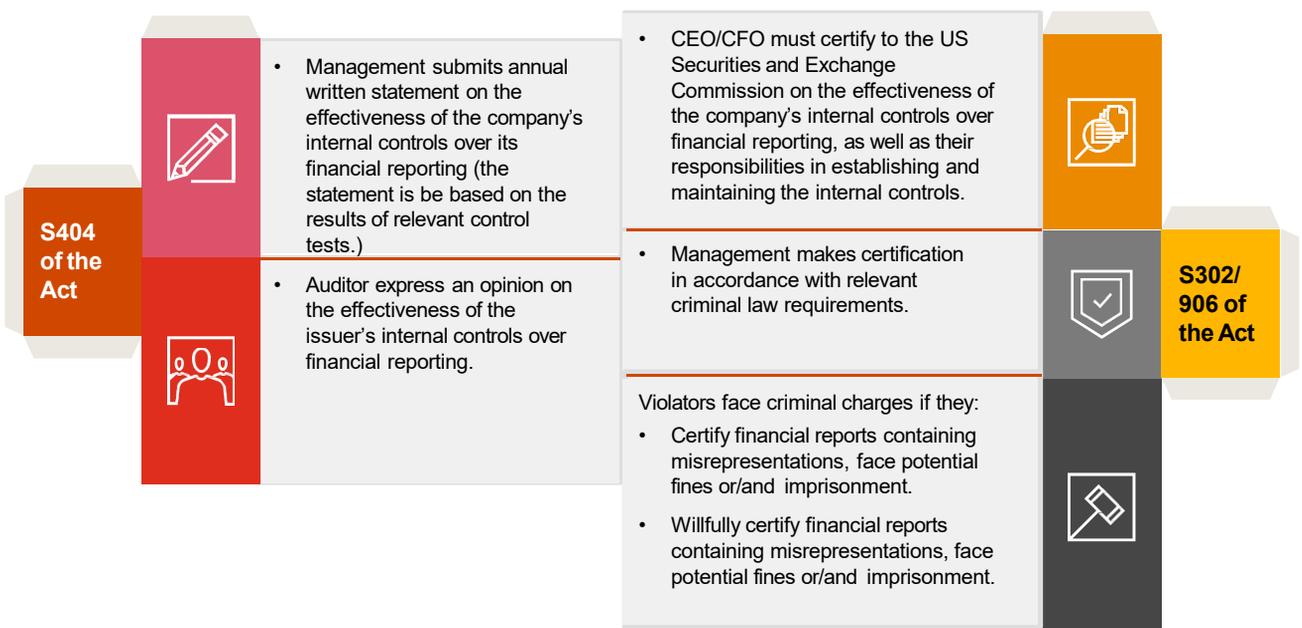


Management's responsibilities, including:

- Audit Committee's oversight over company's financial reporting processes, and internal controls over these processes.
- Establishing and maintaining internal controls over financial reporting, as well as fraud risk assessment mechanism.
- Complying with relevant standards when assessing internal controls over financial reporting, and when recording and reporting the results of such assessments.



Sarbanes-Oxley Act — key requirements on internal controls



Listing in the US — Pre-IPO

How PwC can help

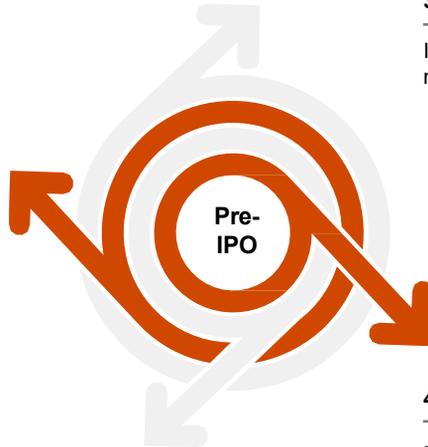
We use a risk-based approach to advise companies to identify and remedy critical control issues before the filing of Form F-1 and IPO.

1. Business-focussed risk assessment

Serves as the basis for prioritisation and future internal control system design.

2. Gap identification, prioritisation and remediation

Auditor's input is considered, control gaps are prioritised and action plan is developed.



3. Implement high priority remediation

Issues that can affect success of IPO are remediated first.

4. Filing Assistance

PwC advises on control aspects of e.g. Form F1 and other filings, SEC's comments and management responses.

Listing in the US — Post-IPO

How PwC can help

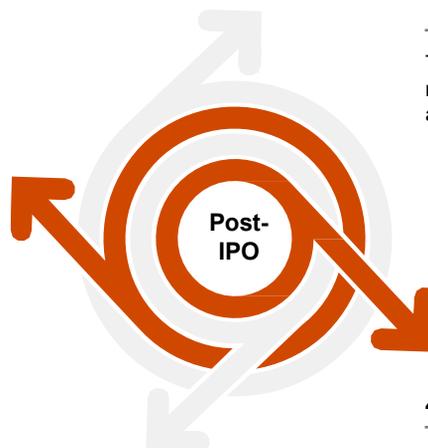
Combining our experience of advising and auditing s404 to developing a risk-based, top-down approach; using tried and tested templates and techniques, but all tailored to each company's unique circumstances.

1. Risk assessment, scoping and planning

Foundation of an efficient and effective management compliance programme.

2. Gap identification, prioritisation and remediation

Systematic documentation of controls and identification and remediation of key control issues.



3. Control operation evaluation and remediation

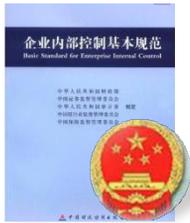
Testing strategy linked to risk assessment results and ensure maximum reliance by external auditors on testing results.

4. Final testing and attestation assistance

Supports management discussions with auditors and facilitates CEO/CFO attestation.

Listing in China

An introduction to China SOX (C-SOX) standard



Jointly issued on 28 June 2008 by:

- Ministry of Finance (MOF)
- National Audit Office (NAO)
- China Securities Regulatory Commission (CSRC)
- China Banking Regulatory Commission (CBRC)
- China Insurance Regulatory Commission (CIRC)

Three guidance documents

- Issued and are being updated.
- Guidelines for evaluation and assessment of effectiveness of enterprise internal control.
- Control.
- Implementation guidelines for enterprise internal control.
- Guidelines for performing assurance engagements.
- Effectiveness of enterprise internal control.

Status of guidance

- C-SOX standard is effective from 1 July 2009.

An introduction to C-SOX standard

C-SOX itself is designed to address five key elements, and are broadly in alignment with the Internal Control — Integrated Framework (COSO Framework):

Internal Control-Integrated Framework (COSO Framework)



- C-SOX places equal internal control emphasis on both Financial Reporting and **Non-Financial** objectives.
- **Ignorance of the Non-Internal Control over Financial Reporting (ICFR) objectives** may lead to, for instance, inadequate segregation of duties (e.g. the person that receives commission from a sale also approves the loan agreement and reconciles the bank account).



An introduction to C-SOX standard

C-SOX has identified **18 sets of application guidelines** to be considered in a company's assessment.

ELC (Entity level control)

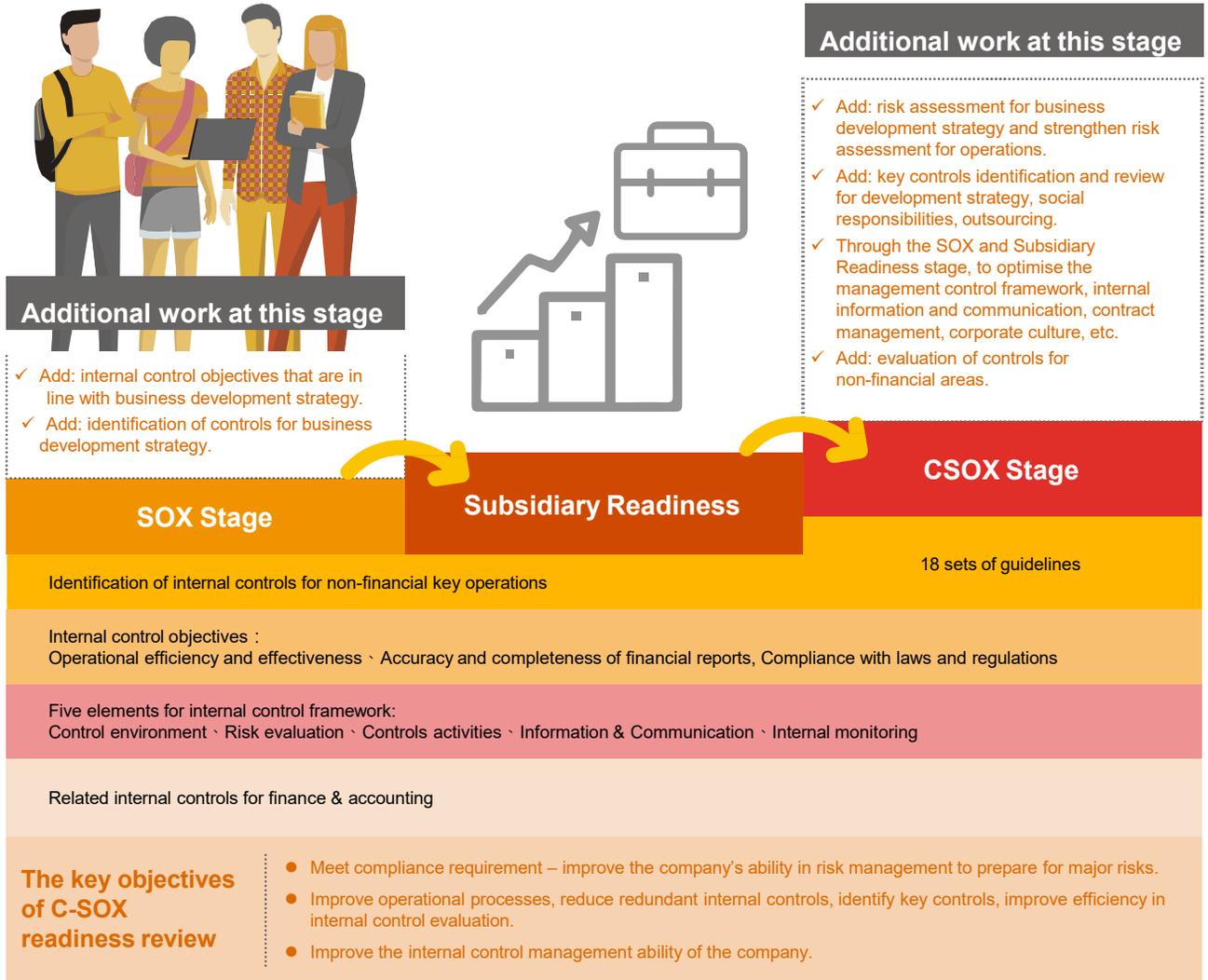
- 1-Organisational structures
- 2-Development strategy
- 3-HR management
- 4-Organisational culture
- 5-Social responsibilities

PLC (Process level control)

- 6-Cash/Funds
- 7-Procurement
- 8-Asset management
- 9-Sales
- 10-Research & Development
- 11-Construction project
- 12-Guarantees
- 13-Outsourcing
- 14-Financial reporting and disclosure
- 15-Budgeting
- 16-Contractual agreements
- 17-Internal communication
- 18-General IT controls

How PwC can help

C-SOX internal control management enhancement roadmap



Contact us



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