

APAC - China E-Bank Draft Acceptance

Objective and Scope

Objective

This local operational procedure (LOP) demonstrates processes and procedures to execute account receivable activities in E-Bank Draft Acceptance for legal entities in CHINA. This LOP provides instruction for users to perform recurring activities and reacting expected scenarios.

Scope

This local operational procedure (LOP) applies for Accounts Receivable activities of CHINA entities:

Solvay Chemicals (Shanghai) Co Ltd	6078
Solvay (Shanghai) Co Ltd	5876
Solvay (China) Co Ltd	7728
Solvay (Shanghai) International Trading Co Ltd	6859
Solvay (Zhenjiang) Chemicals Co Ltd	7811
Solvay (Zhangjiagang) Specialty Chemicals Co Ltd	6526
Solvay Hengchang (Zhangjiagang) Specialty Chemical Co Ltd	7810
Cytec Engineered Materials (Shanghai) Co Ltd	7776
Cytec Industries (Shanghai) Co Ltd	7734

**other China entities are under Cashier (Finance Local team) scope.*

Reference Documents

Process Flow (shown in the process)

Definitions

- LOP: Local Operating procedure
- BD:Bank Draft
- SBS:Solvay Business Services
- AR:Accounts Receivable
- TSU:Treasury Service Unit
- CAM:Country Accounting Manager

Process Flows

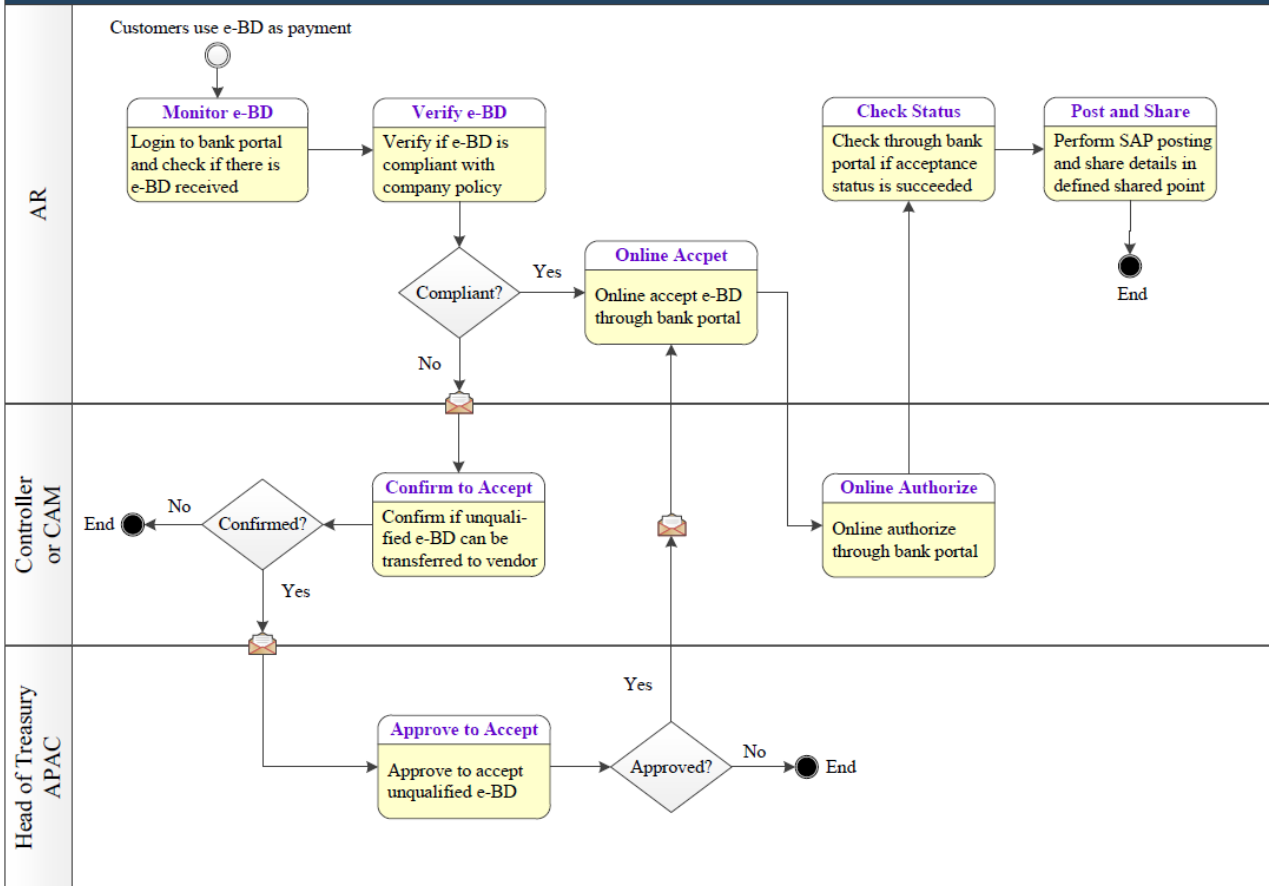
1. Bank Draft Acceptance

Bank Draft is one of the regular payment methods in China, Solvay requires all Bank Drafts received to be in Electronic form, these are known as "Electronic Bank Drafts" or "e-BD",

and there are standardized control and procedure to accept Electronic Bank Draft that are paid by customers.

Electronic Bank Draft Acceptance

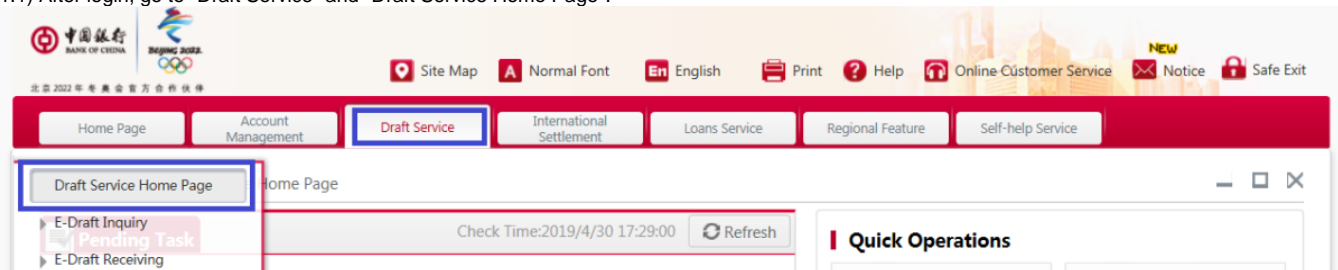
On a Daily Basis



Step:

On a daily basis, AR monitor and accept Electronic Bank Draft as following procedures:

- 1) Login to bank portal to monitor bank draft receiving;
- 1.1) After login, go to "Draft Service" and "Draft Service Home Page".



1.2) Select bank account and click at the pink number in the portion of "Confirm Draft Receipt" and "Endorsee's Signature" to see bank draft details.

The screenshot shows the 'Draft Service Home Page' with a navigation bar at the top. The main content area is divided into several sections:

- Pending Task:** A dropdown menu labeled 'Please select an account number:' is highlighted with a blue box.
- E-Draft Receiving:** A list of tasks with counts. The 'Confirm Draft Receipt' (count: 0) and 'Endorsee's Signature' (count: 2) are highlighted with blue boxes. The counts '0' and '2' are highlighted in pink.
- Quick Operations:** A panel with buttons for 'Held Draft Inquiry', 'Draw E-Draft', 'Note Party Management', 'E-Draft Endorsement', 'Quick E-Draft Setting', and 'E-Draft Discount'.
- Function Description:** A panel with links for 'Electronic Bill Business Process', 'Draw E-Draft', 'E-Draft Endorsement', 'E-Draft Discount', 'Present E-Draft for Payment', and 'E-Draft Receiving'.

1.3) Download or copy bank draft details and paste them into a defined shared point.

The screenshot shows the 'Endorsee's Signature' page. At the top, there is a navigation bar and a breadcrumb trail: 'Draft Service > E-Draft Receiving > Endorsee's Signature'. Below the breadcrumb, there is a message: '[Sign for receipt the e-draft endorsed by the draft holder for transfer.]'. The main content area includes a dropdown menu for 'Please select a note' and an 'Account Number' field. Below this, there is a table with the following columns: Note Number, Draft Type, Draft Amount, Drawing Date, Maturity Date, Negotiable Flag, Acceptor Name, and Endorser Name. The table is currently empty, and a message states: 'You have selected 0 notes, involving a cumulative amount of: 0.00 RMB'.

2) Verify Bank Draft qualification whether it aligns to company policy **;

BD Acceptance Criteria

Format
<ul style="list-style-type: none">• Only e-BD acceptable
Issuing Bank
<ul style="list-style-type: none">• 31 acceptable issuing banks by 3 tiers based on credit risk (tier 1 & 2 recommended)
Face Value
<ul style="list-style-type: none">• Minimum threshold CNY 100,000
Duration
<ul style="list-style-type: none">• Duration with less than 3 months recommended

** The latest Bank Draft Policy communicated in October 2020. ([Link to Bank draft policy of Treasury](#))

If Bank Draft is unqualified, it can either be rejected or be accepted, but it requires confirmation from the Controller and approval from the Head of Treasury APAC. Usually, the Controller would consider its availability to be transferred to the vendor.

3) Accept Bank draft on bank portal;

3.1) Select account number and Bank draft, then click "Agree to Accept By Endorsement".

Home Page | Account Management | **Draft Service** | International Settlement | Loans Service | Regional Feature | Self-help Service

Draft Service > E-Draft Receiving > Endorsee's Signature [Sign for receipt the e-draft endorsed by the draft holder for transfer.]

Please select a note

* Account Number: [dropdown]

[More Inquiry Conditions](#) You have selected 1 notes, involving a cumulative amount of: **1,000,000.00** RMB

Note Number	Draft Type	Draft Amount	Drawing Date	Maturity Date	Negotiable Flag	Acceptor Name	Endorser Name
<input checked="" type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							

Select All Inquired 4 records Current Page 1 pages/Total 1 pages Previous Page Next Page Goto [] pages Go

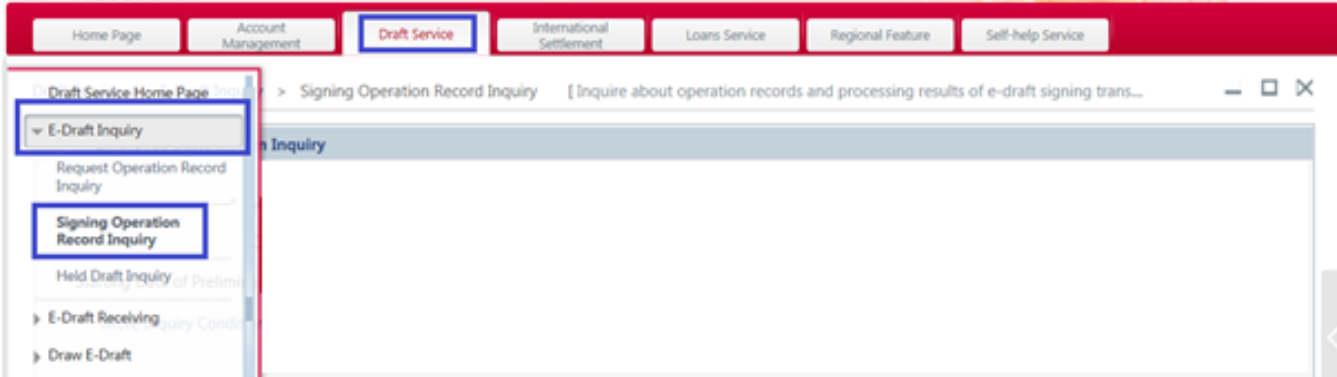
Please enter information

Remarks: [text field]

Agree to Accept By Endorsement Refuse to Accept By Endorsement

3.2) Notify the authorities (Controller or CAM) to authorize online at the 2nd level.

- 4) Check acceptance status;
 4.1) Go to "Draft Service", "E-Draft Inquiry" and "Signing Operation Record Inquiry"



4.2) Insert required information and click "Inquire"

- Inquirer Account: Upon request
- Operation Type: Confirm Draft Receipt/ Endorsee's Signature
- Operation Status: All
- Starting/Ending Date of Preliminary Entrustment: Upon request

 A screenshot of a form titled 'Employee Basic Inform Inquiry'. It contains several input fields:

- * Inquirer Account: A dropdown menu.
- * Operation Type: A dropdown menu with 'Confirm Draft Receipt' selected.
- * Operation Status: A dropdown menu with 'All' selected.
- * Starting Date of Preliminary Entrustment: A date field with '2019/04/26' entered.
- * Ending Date of Preliminary Entrustment: A date field with '2019/04/30' entered.

 There is a link for 'More Inquiry Conditions' and two buttons at the bottom: 'Inquire' and 'Reset'.

Below is the list of operation statuses.

All	Authorization Rejected
To be Authorized	In processing
Authorization Rejected	Operation Failure
In processing	Operation Succeeded

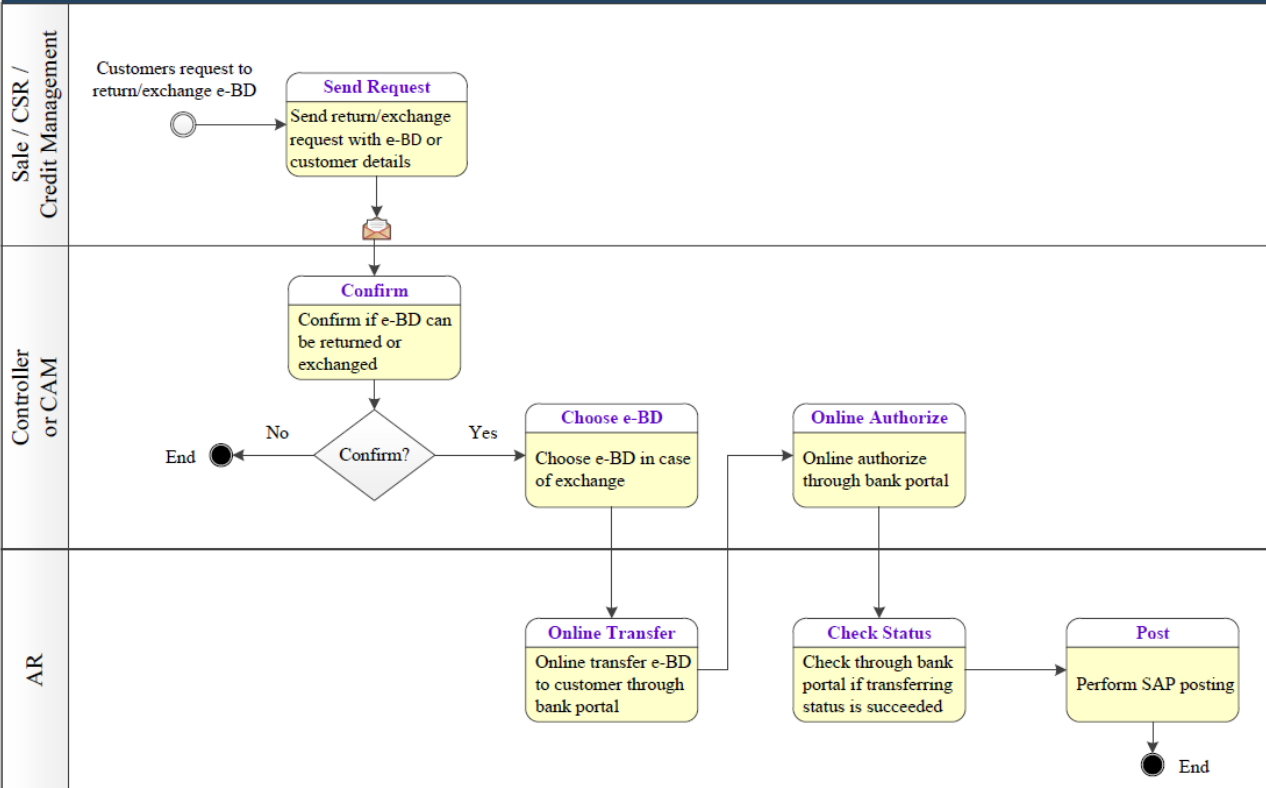
Please note that the acceptance process is completed when the status is changed to "Operation Succeeded".

 A screenshot of a table titled 'Inquire about Result'. The table has the following columns: Note Number, Draft Type, Draft Amount, Operation Type, Operation Status, Drawing Date, and Maturity Date. The 'Operation Status' column is highlighted with a blue box and contains the text 'Operation Succeeded'.

2. Bank Draft Return/Exchange

Electronic Bank Draft Return/Exchange

Upon Request



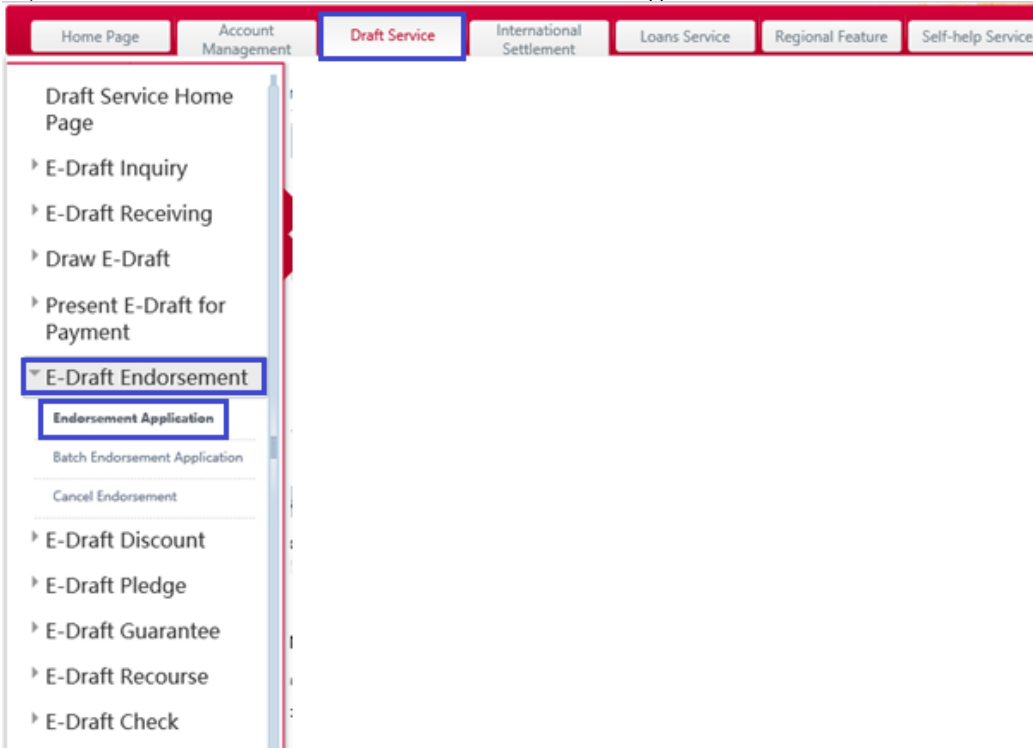
Sometimes customers would request to return the Bank draft back, either the same Bank draft or another with a lower amount, it depends on the agreement with business team.

Step:

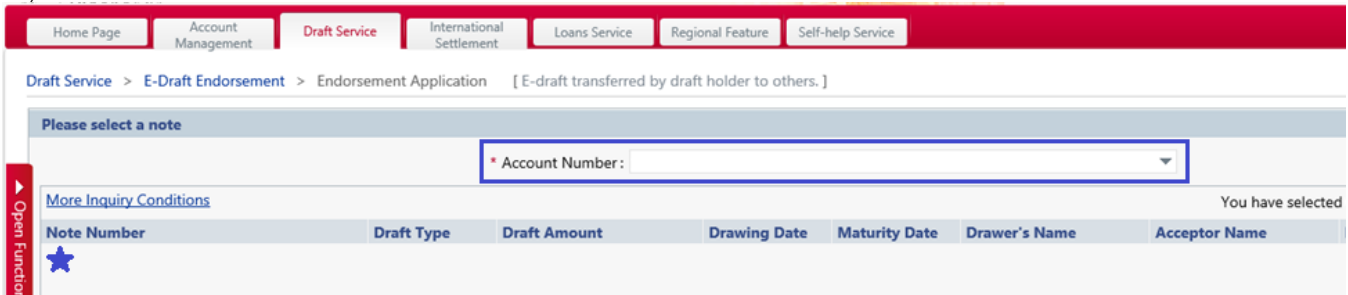
After receiving request from business team and confirmation from the controller or CAM, AR follows the below procedures:

1) Login to bank portal to apply for Endorsement;

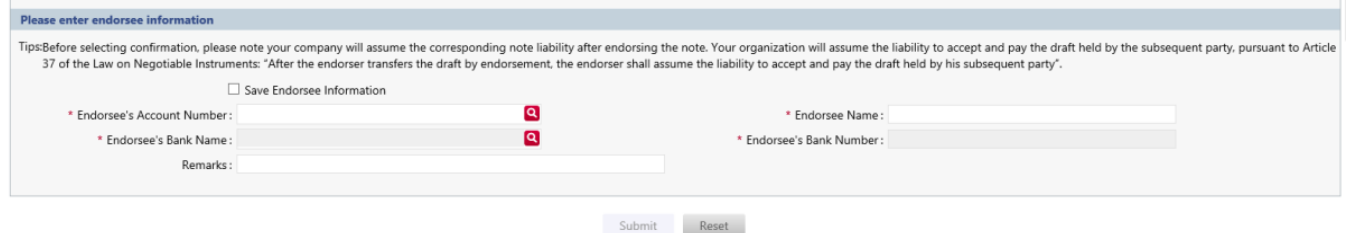
1.1) Go to "E-Draft Service", "E-Draft Endorsement" and "Endorsement Application"



1.2) Select account number and select bank draft

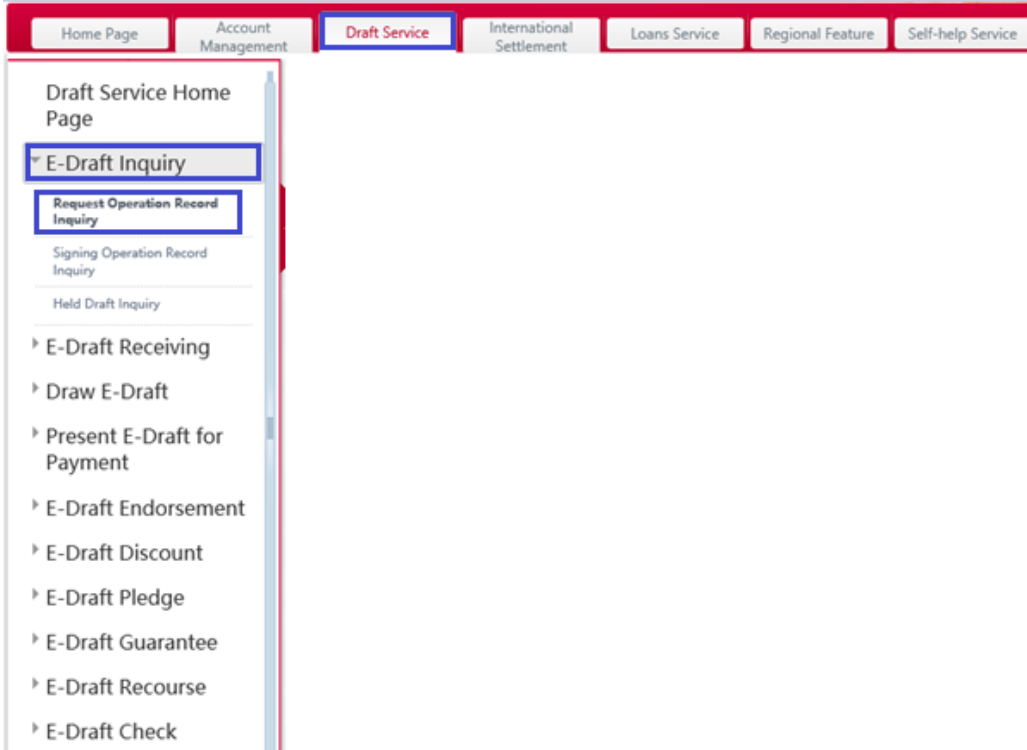


1.3) Insert information of beneficiary name and bank details, then click "Submit"



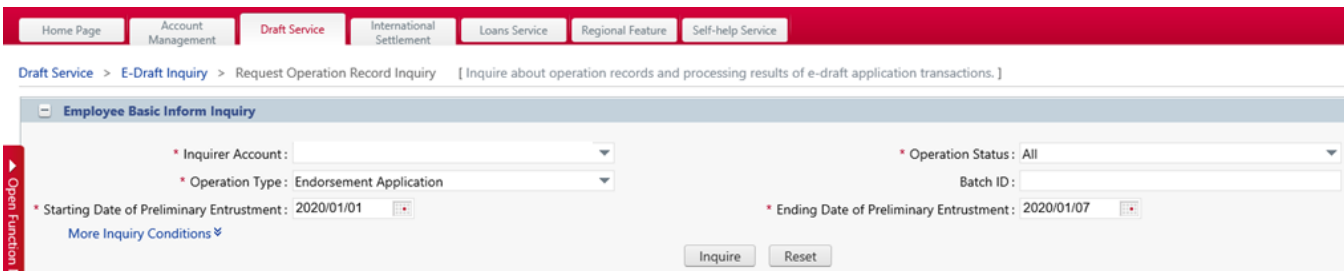
1.4) Notify the authorities (Controller or CAM) to authorize online at 2nd level

- 2) Check endorsement status;
- 2.1) Go to "Draft Service", "E-Draft Inquiry" and "Request Operation Record Inquiry"

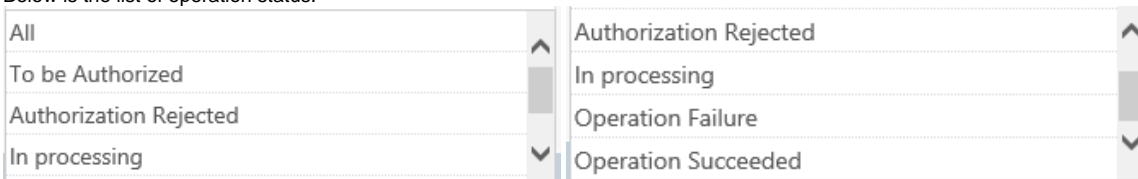


2.2) Insert required information and click "Inquire"

- Inquirer Account: Upon request
 - Operation Type: Endorsement Application
 - Operation Status: All
 - Starting/Ending Date of Preliminary Entrustment: Upon request



Below is the list of operation status.

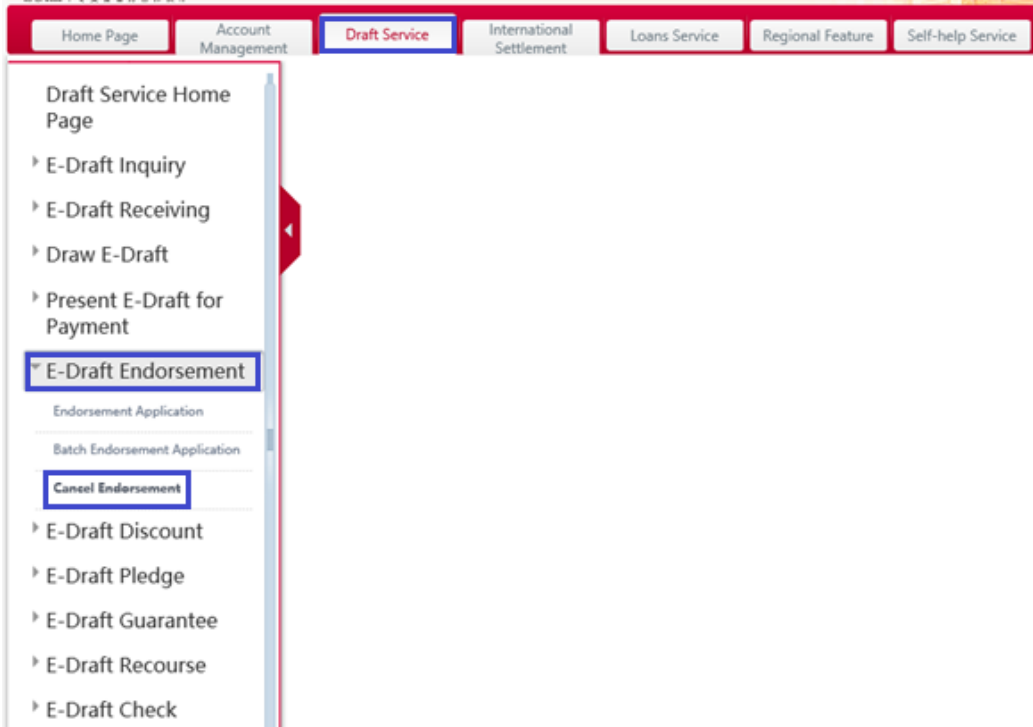


Please note that endorsement process is completed when the status is changed to "Operation Succeeded".

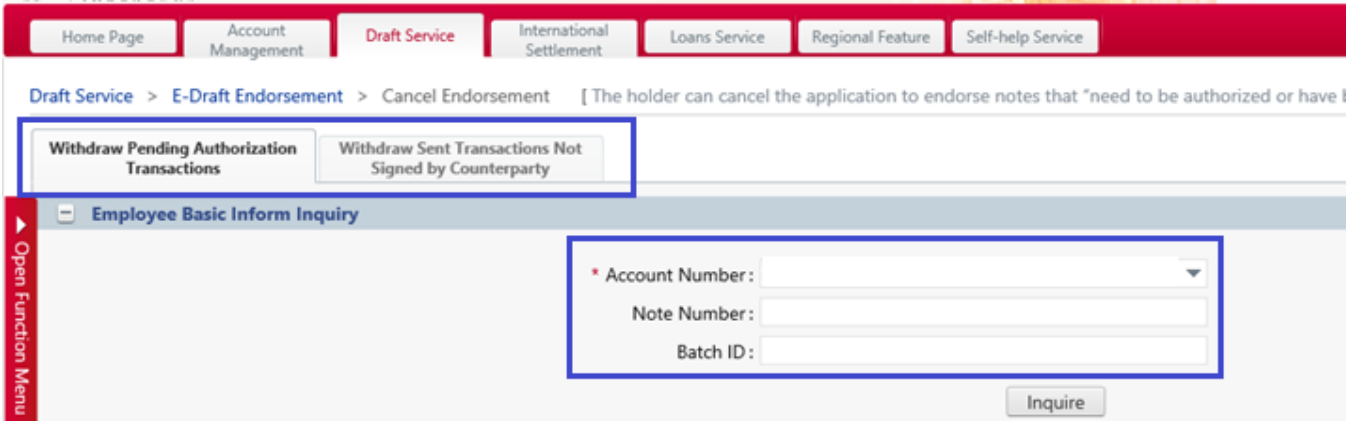
Note Number	Draft Type	Draft Amount	Operation Type	Operation Status	Drawing Date	Maturity Date
				Operation Succeeded		

3) Cancel Endorsement when it is required;

3.1) Go to "E-Draft Service", "E-Draft Endorsement" and "Cancel Endorsement"



3.2) Select tab "Withdraw pending authorization transactions" or "Withdraw sent transactions not signed by counterparty", then insert required information and click "Inquire"



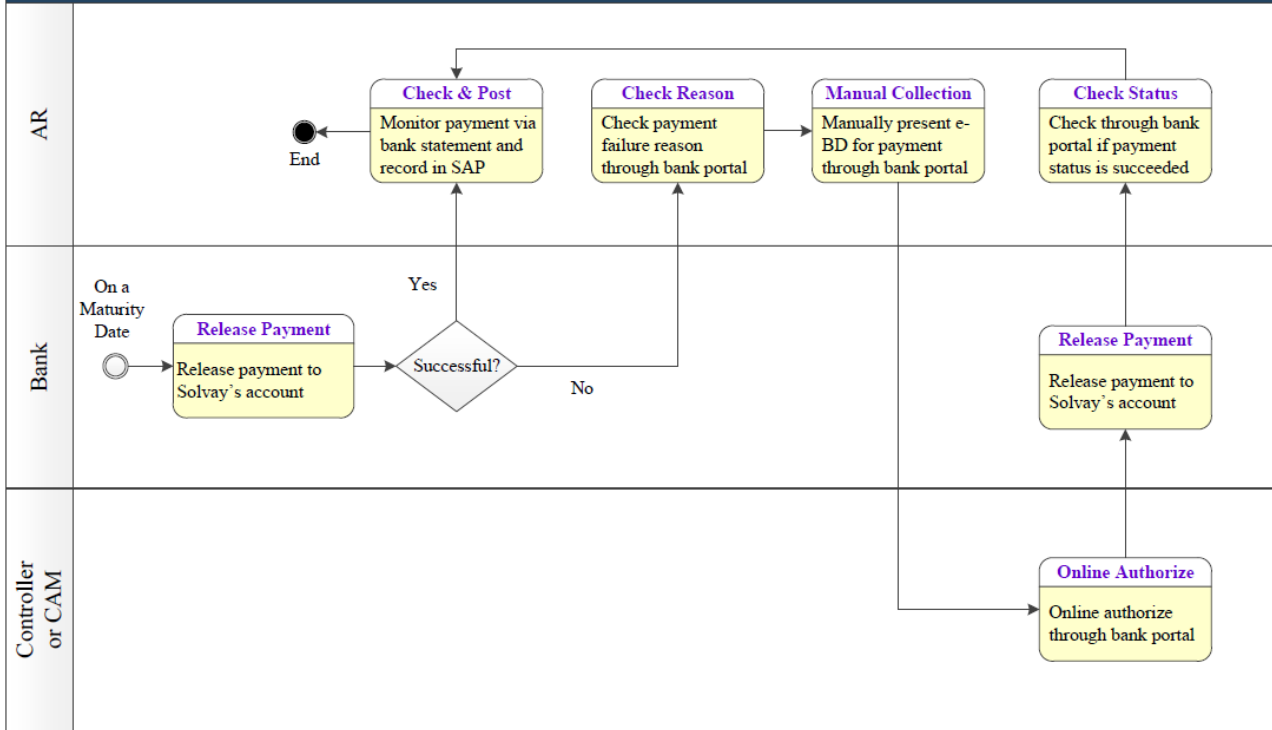
3.3) When the result is displayed, select Bank draft and click "Submit".

Please note that only "Withdraw sent transactions not signed by counterparty" requires authorization at 2nd level.

3. Present Bank Draft for Payment

Present Electronic Bank Draft for Payment

On a Daily Basis



According to customers' indications and foreseeing, the issuing bank unconditionally makes the payment to the payee or bearer upon the draft presentation, based on the actual settlement amount and payment maturity.

Step:

All e-Bank Draft received on hand is set as automatic payment collection, once payment is not automatically released, AR is responsible to monitor, check and collect payment manually according to the following procedure:

1) Apply for automatically releasing payment;

1.1) Go to "Draft Service", "E-Draft Check" and "Quick E-Draft Setting"



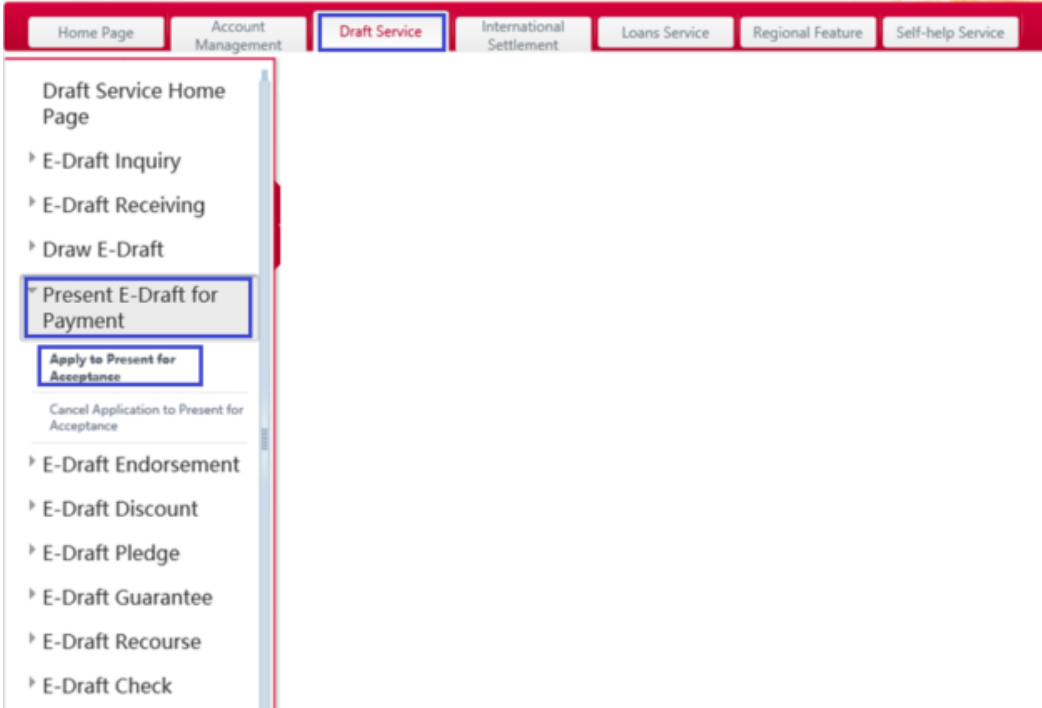
1.2) Account number is selected upon request, but other fields must be set as follows,

- Automatic Acceptance Prompt: Yes
- Automatic Collection Prompt: Yes
- Automatic Presentation for Acceptance: Yes
- Clearing Mode: Online Clearing

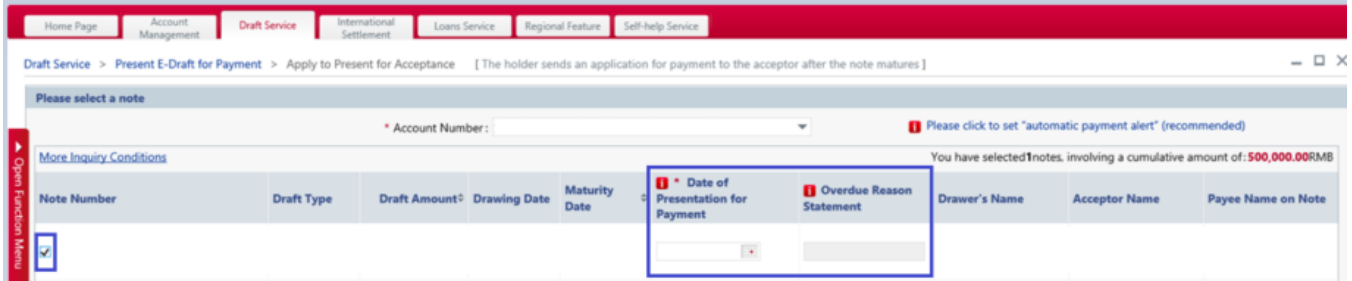
Quick Setting Details

Account Number : <input type="text"/>	Account Name : <input type="text"/>
i Automatic Acceptance Prompt : <input checked="" type="radio"/> Yes (Recommended) <input type="radio"/> No	i Clearing Mode : <input checked="" type="radio"/> Online Clearing <input type="radio"/> Offline Clearing
i Automatic Collection Prompt : <input checked="" type="radio"/> Yes (Recommended) <input type="radio"/> No	i SMS Mobile Phone Number 1 : <input type="text"/>
i Automatic Presentation for Acceptance : <input checked="" type="radio"/> Yes (Recommended) <input type="radio"/> No	i SMS Mobile Phone Number 2 : <input type="text"/>
<input type="button" value="Submit"/> <input type="button" value="Reset"/>	

- 2) Manually apply for payment when the payment is not automatically released;
 2.1) Go to "Draft Service", "Present E-Draft for Payment" and "Apply to Present for Acceptance"



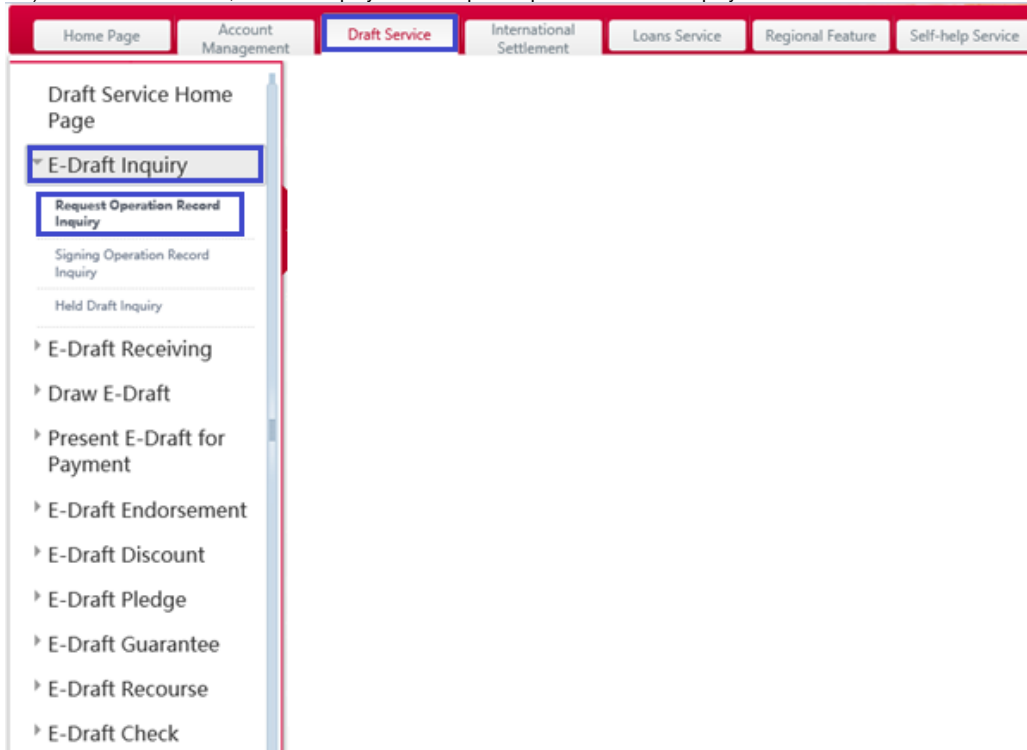
- 2.2) Select Account and Bank draft, insert "Date of presentation for payment" and "Overdue reason statement", then click apply.



- 2.3) Notify the authorities (Controller or CAM) to authorize online at 2nd level.

3) Check payment status;

3.1) Go to "Draft Service", "E-Draft Inquiry" and "Request Operation Record Inquiry"



3.2) Insert required information and click "Inquire"

- - Inquirer Account: Upon request
 - Operation Type: Apply for Presentation for Payment (Automatic)/ Apply to Present for Acceptance
 - Operation Status: All

Employee Basic Inform Inquiry

* Inquirer Account:

* Operation Type: Apply for Presentation for Payment (Automatic)

Note Number:

Starting Date of Note Drawing Date:

Starting Date of Note Maturity Date:

Starting Date of Final Authorization:

Range of Bill Amount: -

Acceptor Name: Support multiple word inquiry

* Operation Status: All

Draft Type: All

Deadline of Note Drawing Date:

Deadline of Note Maturity Date:

End Date of Final Authorization:

Drawer's Name: Support multiple word inquiry

Payee Name on Note: Support multiple word inquiry

[Hide More Inquiry Conditions](#)

Below is the list of operation status.

All	Authorization Rejected
To be Authorized	In processing
Authorization Rejected	Operation Failure
In processing	Operation Succeeded

Please note that payment process is completed when the status is changed to "Operation Succeeded".

Inquire about Result

Note Number	Draft Type	Draft Amount	Operation Type	Operation Status	Drawing Date	Maturity Date
				Operation Succeeded		

3.3) Check payment failure reason, when payment status is found that operation is not succeeded, please check the reason by clicking at Note Number

Note Number	Draft Type	Draft Amount	Operation Type	Operation Status	Drawing Date	Maturity Date	Drawer's Name	Acceptor Name
310302201005			Apply for Presentation for Payment (Automatic)	Counterpart y rejected				

The reason is presented in the "Replied Message" field.

Detail Draft Data

Date of Presentation for Payment :

Clearing Mode : Online Clearing

Final Authorization Date :

Operation Status :

Handling Person : [View](#)

[Show replied message](#)

Overdue Reason Statement :

Submission Date :

Operation Type :

Remarks :

Message Board :

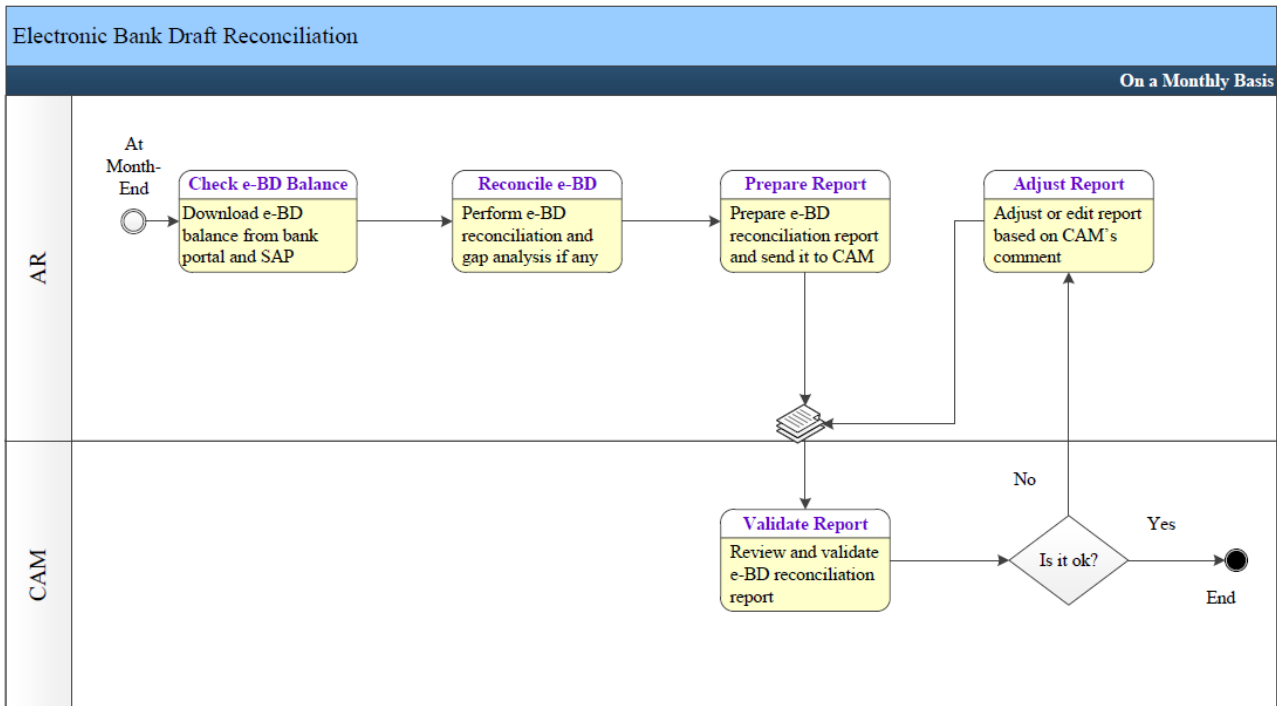
Replied Message

Reply Time : 2019-12-29T08:53:38

Respondent's Remarks :

Reply Sign : Reject Receipt

4. Bank Draft Reconciliation



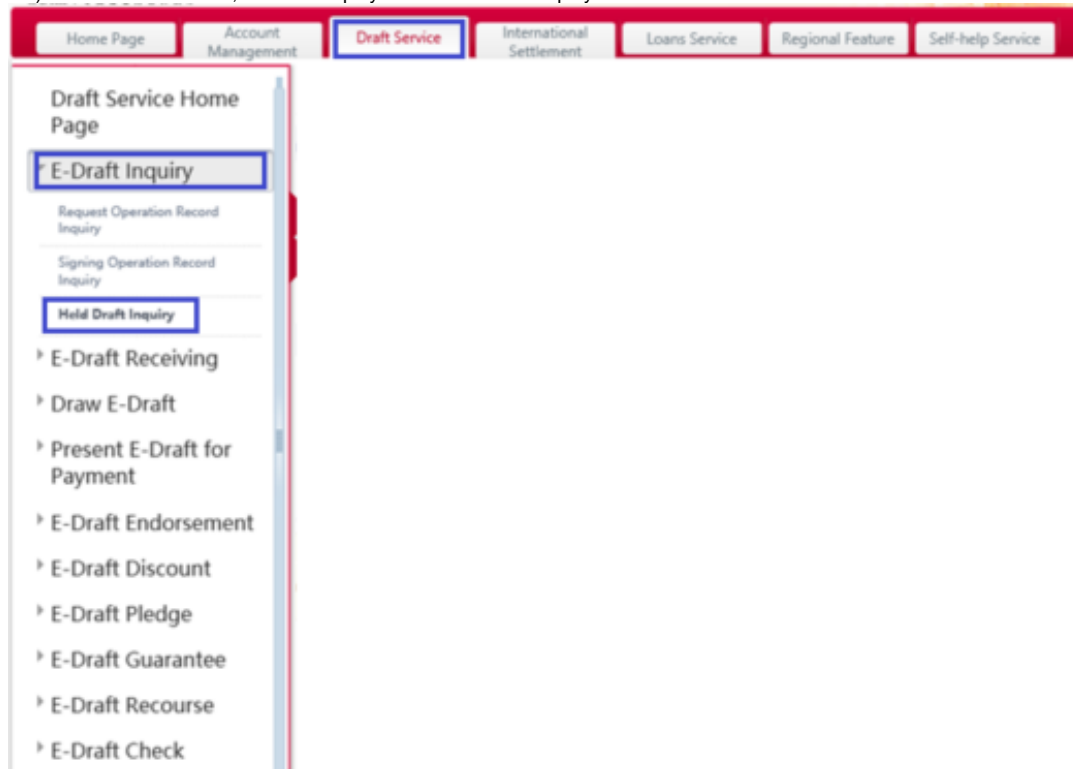
On a monthly basis, Bank Draft Reconciliation is one of mandatory activity and significant report, it is to ensure that all Bank Draft related transaction has been recorded in SAP.

Step:

After ensuring there are no more Bank Draft activities at month-end, AR follows the below procedures:

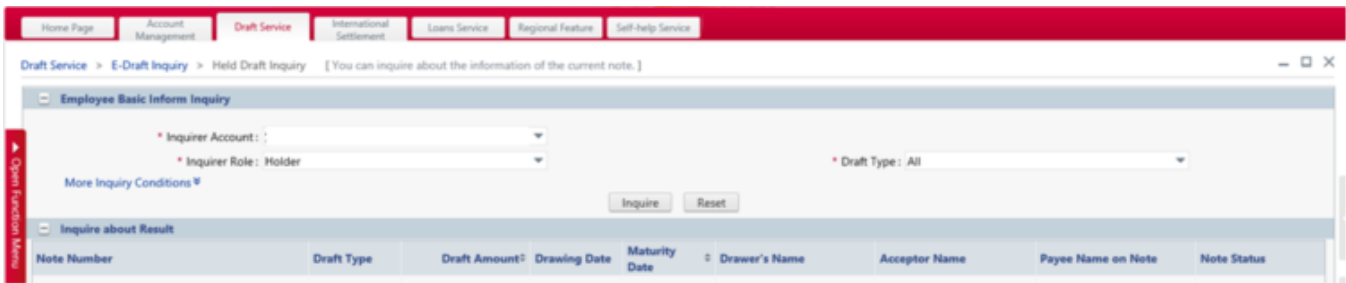
1) Download E-Bank Draft on-hand list from bank portal;

1.1) Go to "Draft Service", "E-Draft Inquiry" and "Held Draft Inquiry"

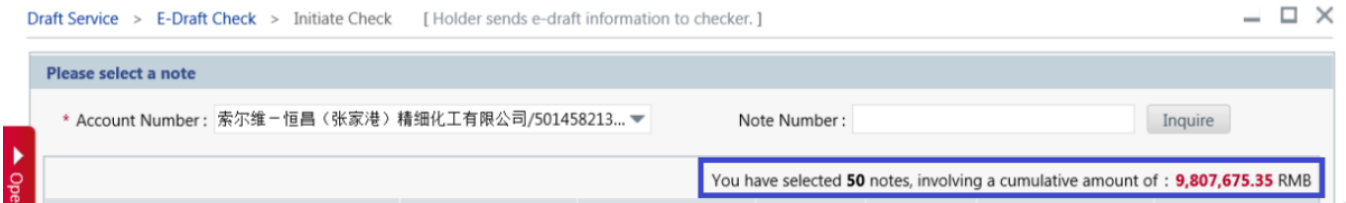


1.2) Insert required information and click "Inquire", then download information in excel file.

- - Inquirer Account: Upon request
 - Inquirer Role: Holder
 - Draft Type: All



1.3) Make screenshot of E-Bank Draft balance from "E-Draft Check" and "Initiate Check".



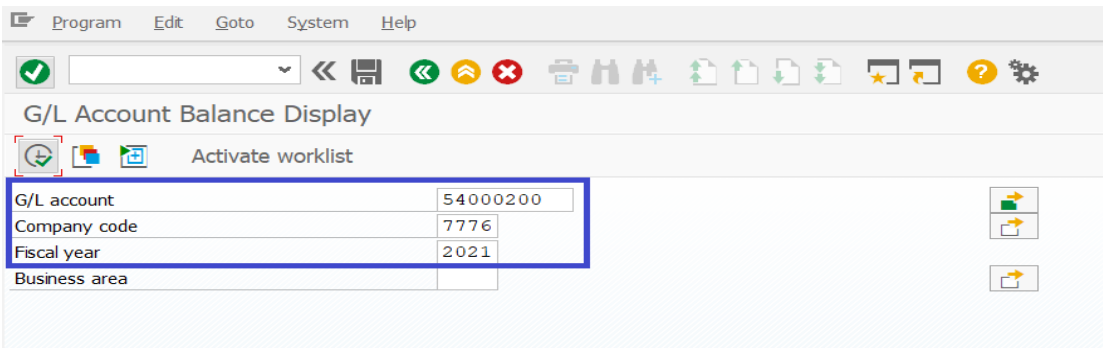
2) Check E-Bank Draft SAP balance;

2.1) Open transaction FS10N and insert required information,

- G/L account: For WP1, 54000200 (BD >3 months) and 51100200 (BD <3 months)

For PF1, 2213000010 (BD >3 months) and 2213000000 (BD <3 months)

- Company code: Upon request
- Fiscal year: Upon request



2.2) Click "Execute" to display inquired balance.

G/L Account Balance Display

Document currency Document currency Document currency Business

Account number *

Company code 7811 SOLVAY (ZHENJIANG) CHEM

Business area

Fiscal year 2021

All documents in currency * Display currency CNY

Period	Debit	Credit	Balance	Cumulative balance
Balance Carryf...				150,872,153.82
1	60,583,121.23	22,236,363.06	38,346,758.17	189,218,911.99
2	20,235,499.01	31,864,394.21	11,628,895.20-	177,590,016.79
3				177,590,016.79
4				177,590,016.79
5				177,590,016.79
6				177,590,016.79
7				177,590,016.79
8				177,590,016.79
9				177,590,016.79
10				177,590,016.79
11				177,590,016.79
12				177,590,016.79
13				177,590,016.79
14				177,590,016.79
15				177,590,016.79
16				177,590,016.79
Total	80,818,620.24	54,100,757.27	26,717,862.97	177,590,016.79

3) Cross check the balance between bank portal and SAP;
E-Bank Draft SAP balance is supposed to equal to balance in the bank portal, if there is any difference, gap analysis is required.

Then put all evidence and comment into Bank Draft Reconciliation Report, and send mail to CAMs for verifying.

