

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

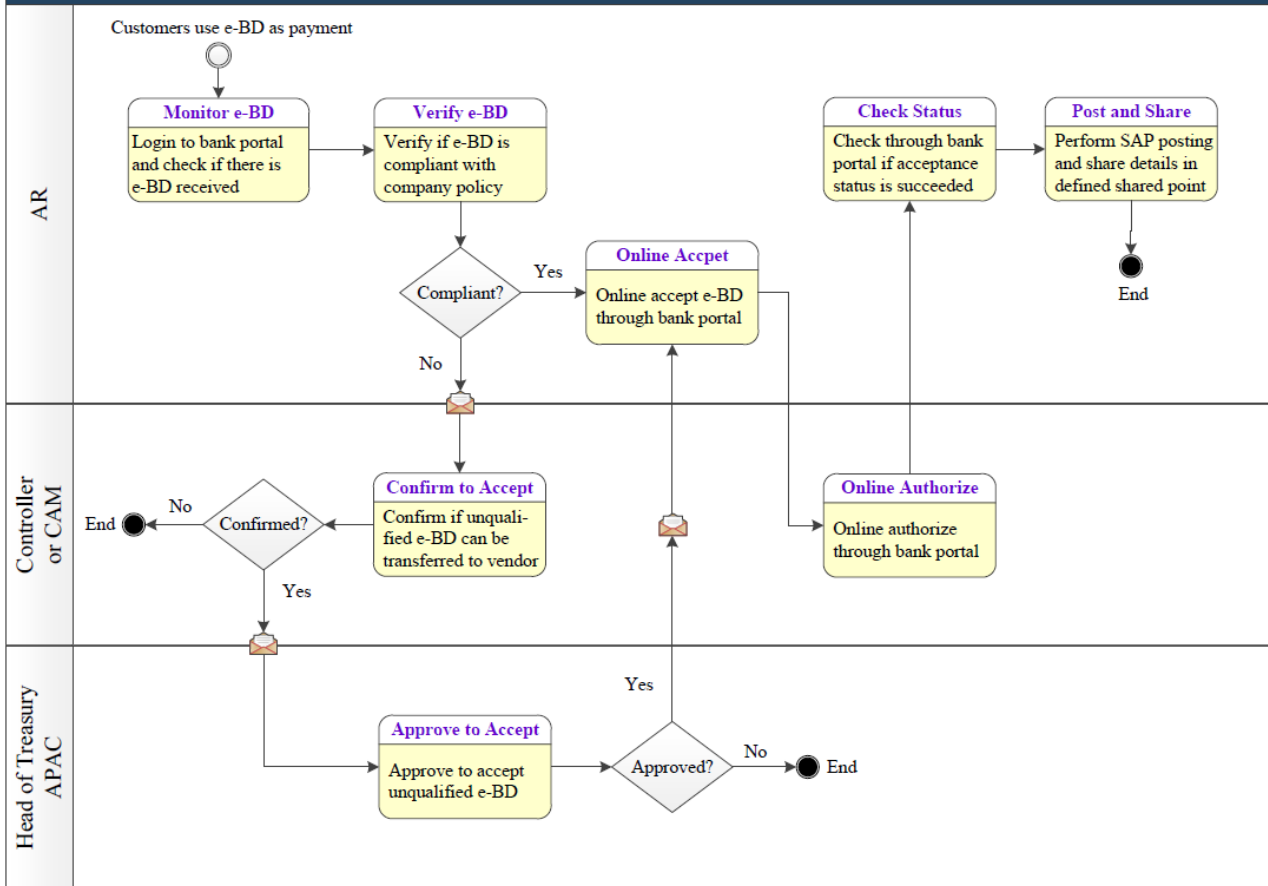
1. Bank Draft Acceptance

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

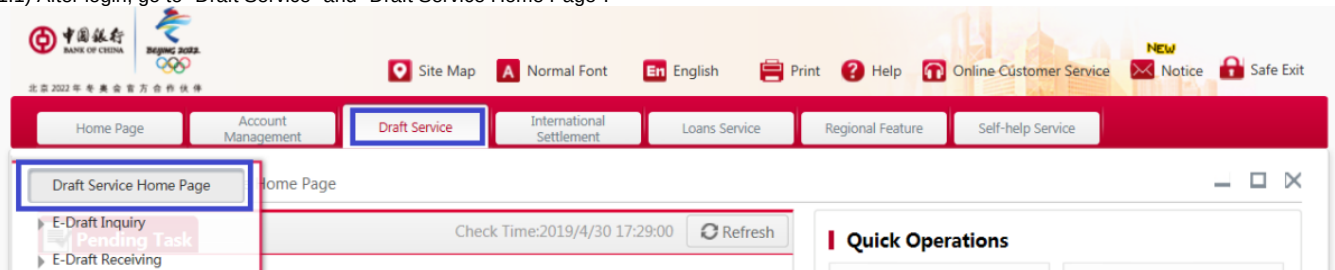
On a Daily Basis



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. At the top, there is a navigation bar with tabs: Home Page, Account Management, Draft Service (selected), International Settlement, Loans Service, Regional Feature, and Self-help Service. Below the navigation bar, the page title is 'Draft Service > Draft Service Home Page'. On the left, there is a vertical sidebar with 'Open Function Menu'. The main content area is divided into two columns. The left column has a 'Pending Task' section with a dropdown menu 'Please select an account number:' and a 'Refresh' button. Below this is the 'E-Draft Receiving' section, which is a table with two columns: 'E-Draft Receiving' and a pink number. The table contains the following rows: 'Confirm Draft Receipt' (0), 'Endorsee's Signature' (2), 'Confirm Pledge' (0), 'Confirm Pledge Cancellation' (0), 'Confirm Guarantee' (0), 'Confirm Liquidation' (0), 'Confirm Received Liquidation' (0), 'Confirm Commercial Acceptance' (0), and 'Confirm Commercial Acceptance Payment' (0). The right column has a 'Quick Operations' section with buttons: 'Held Draft Inquiry', 'Draw E-Draft', 'Note Party Management', 'E-Draft Endorsement', 'Quick E-Draft Setting', and 'E-Draft Discount'. Below this is a 'Function Description' section with links: 'Electronic Bill Business Process>', 'Draw E-Draft>', 'E-Draft Endorsement>', 'E-Draft Discount>', 'Present E-Draft for Payment>', and 'E-Draft Receiving>'. There is also a 'More...' link.

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

The screenshot shows the 'Draft Service > E-Draft Receiving > Endorsee's Signature' page. At the top, there is a navigation bar with tabs: Home Page, Account Management, Draft Service (selected), International Settlement, Loans Service, Regional Feature, and Self-help Service. Below the navigation bar, the page title is 'Draft Service > E-Draft Receiving > Endorsee's Signature'. On the left, there is a vertical sidebar with 'Open Function Menu'. The main content area has a 'Please select a note' section with a dropdown menu 'Account Number:'. Below this 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 contains one row of data. Below the table, there is a message: 'You have selected 0 notes, involving a cumulative amount of: 0.00 RMB'. There is also a 'More Inquiry Conditions' link.

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

BD Acceptance Criteria

Format	Only e-BD acceptable
Issuing Bank	31 acceptable issuing banks by 3 tiers based on credit risk (tier 1 & 2 recommended)
Face Value	Minimum threshold CNY 100,000
Duration	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
☒							
☐							
☐							
☐							

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

Please enter information

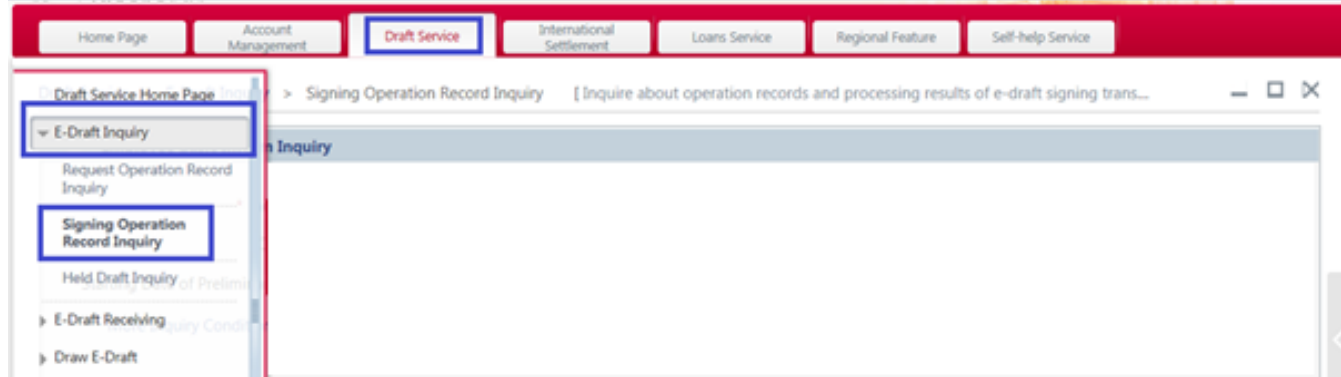
Remarks: [Text Field]

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

The screenshot shows a form titled "Employee Basic Inform Inquiry". It contains several input fields and dropdown menus. The "Inquirer Account" field is empty. The "Operation Type" dropdown is set to "Confirm Draft Receipt". The "Operation Status" dropdown is set to "All". The "Starting Date of Preliminary Entrustment" is set to "2019/04/26". The "Ending Date of Preliminary Entrustment" is set to "2019/04/30". There is a "More Inquiry Conditions" link and two buttons: "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".

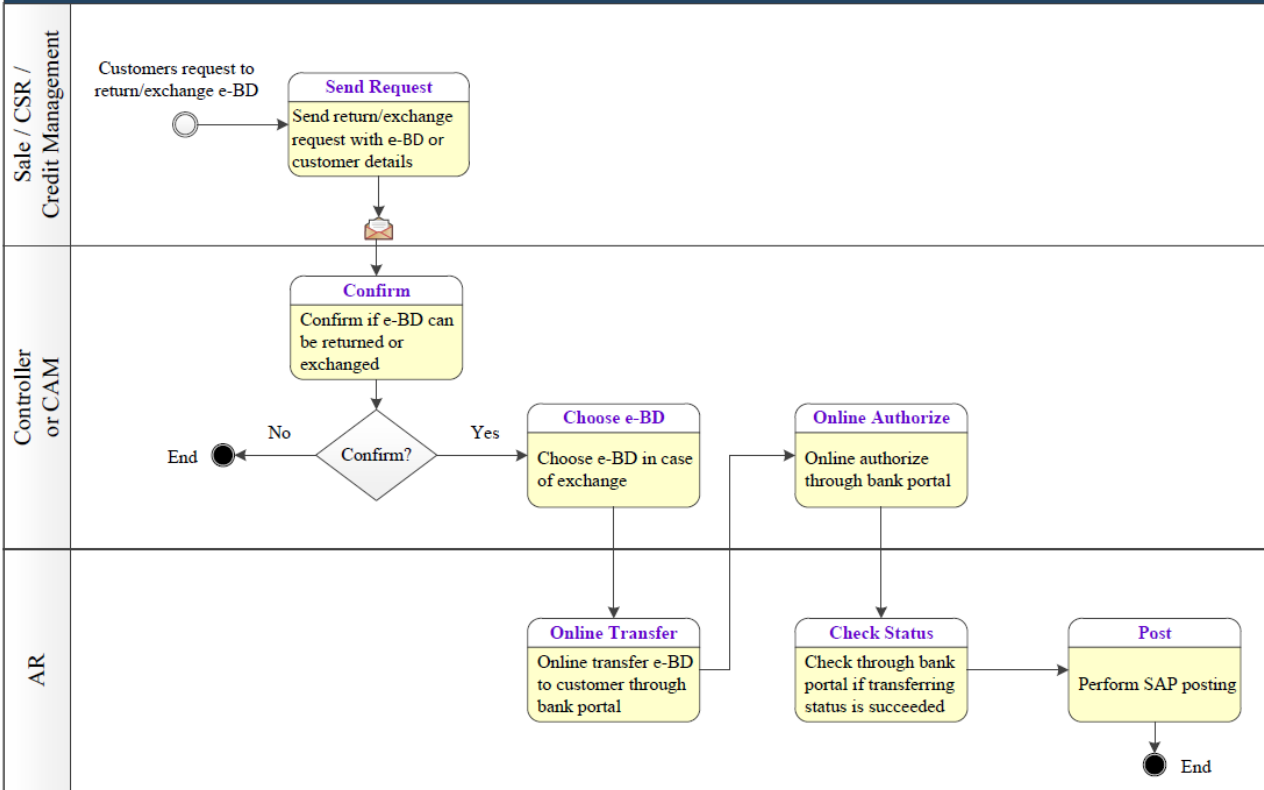
The screenshot shows a table titled "Inquire about Result". The table has seven columns: "Note Number", "Draft Type", "Draft Amount", "Operation Type", "Operation Status", "Drawing Date", and "Maturity Date". The "Operation Status" column is highlighted with a blue box, and the value "Operation Succeeded" is visible in the first row.

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

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

- Draft Service Home Page
- › E-Draft Inquiry
- › E-Draft Receiving
- › Draw E-Draft
- › Present E-Draft for Payment
- › E-Draft Endorsement**
 - Endorsement Application**
 - Batch Endorsement Application
 - Cancel Endorsement
- › E-Draft Discount
- › E-Draft Pledge
- › E-Draft Guarantee
- › E-Draft Recourse
- › E-Draft Check

1.2) Select account number and select bank draft

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

Draft Service > E-Draft Endorsement > Endorsement Application [E-draft transferred by draft holder to others.]

Please select a note

* Account Number: [Dropdown Menu]

[More Inquiry Conditions](#) You have selected

Note Number	Draft Type	Draft Amount	Drawing Date	Maturity Date	Drawer's Name	Acceptor Name
★						

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

Please enter endorsee information

Tips: Before selecting confirmation, please note your company will assume the corresponding note liability after endorsing the note. Your organization will assume the liability to accept and pay the draft held by the subsequent party, pursuant to Article 37 of the Law on Negotiable Instruments: "After the endorser transfers the draft by endorsement, the endorser shall assume the liability to accept and pay the draft held by his subsequent party".

☐ Save Endorsee Information

* Endorsee's Account Number: [Text Field] [Search Icon]

* Endorsee's Bank Name: [Text Field] [Search Icon]

* Endorsee's Bank Number: [Text Field]

* Endorsee Name: [Text Field]

Remarks: [Text Field]

Submit Reset

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"

Home PageAccount ManagementDraft ServiceInternational SettlementLoans ServiceRegional FeatureSelf-help Service

Draft Service Home Page

E-Draft Inquiry

Request Operation Record Inquiry

Signing Operation Record Inquiry

Held Draft Inquiry

E-Draft Receiving

Draw E-Draft

Present E-Draft for Payment

E-Draft Endorsement

E-Draft Discount

E-Draft Pledge

E-Draft Guarantee

E-Draft Recourse

E-Draft Check

- 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

Home PageAccount ManagementDraft ServiceInternational SettlementLoans ServiceRegional FeatureSelf-help Service

Draft Service > E-Draft Inquiry > Request Operation Record Inquiry

[Inquire about operation records and processing results of e-draft application transactions.]

Employee Basic Inform Inquiry

Open Function Menu

* Inquirer Account:

* Operation Type: Endorsement Application

* Starting Date of Preliminary Entrustment: 2020/01/01

More Inquiry Conditions

* Operation Status: All

Batch ID:

* Ending Date of Preliminary Entrustment: 2020/01/07

Inquire

Reset

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 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"

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

Draft Service Home Page

- › E-Draft Inquiry
- › E-Draft Receiving
- › Draw E-Draft
- › Present E-Draft for Payment
- › E-Draft Endorsement**
 - Endorsement Application
 - Batch Endorsement Application
 - Cancel Endorsement**
- › E-Draft Discount
- › E-Draft Pledge
- › E-Draft Guarantee
- › E-Draft Recourse
- › E-Draft Check

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

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

Draft Service > E-Draft Endorsement > Cancel Endorsement [The holder can cancel the application to endorse notes that "need to be authorized or have I

Withdraw Pending Authorization Transactions Withdraw Sent Transactions Not Signed by Counterparty

Employee Basic Inform Inquiry

* Account Number: Note Number: Batch ID:

Inquire

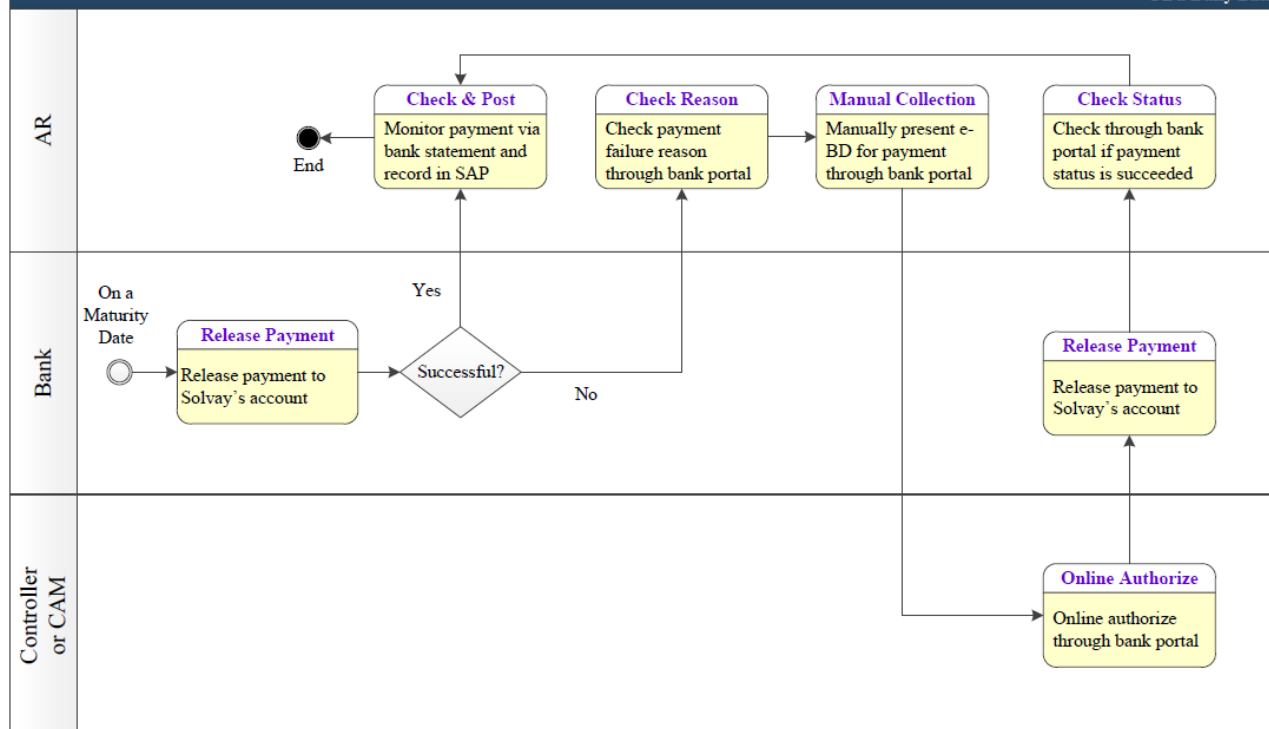
3.3) When the result is displayed, select Bank draft and click "Submit".

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"

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

Draft Service Home Page

- › E-Draft Inquiry
- › E-Draft Receiving
- › Draw E-Draft
- › Present E-Draft for Payment
- › E-Draft Endorsement
- › E-Draft Discount
- › E-Draft Pledge
- › E-Draft Guarantee
- › E-Draft Recourse
- › E-Draft Check
- Quick E-Draft Setting**
- Note Party Management
- › Paper Note

☐ Automatically Pop Up

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: Account Name:

i Automatic Acceptance Prompt: ☒ Yes (Recommended) ☐ No

i Automatic Collection Prompt: ☒ Yes (Recommended) ☐ No

i Automatic Presentation for Acceptance: ☒ Yes (Recommended) ☐ No

i Clearing Mode: ☒ Online Clearing ☐ Offline Clearing

i SMS Mobile Phone Number 1:

i SMS Mobile Phone Number 2:

Submit 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"

The screenshot shows the 'Draft Service' menu in a web application. The top navigation bar includes 'Home Page', 'Account Management', 'Draft Service' (highlighted), 'International Settlement', 'Loans Service', 'Regional Feature', and 'Self-help Service'. The left sidebar contains the following items: 'Draft Service Home Page', 'E-Draft Inquiry', 'E-Draft Receiving', 'Draw E-Draft', 'Present E-Draft for Payment' (highlighted), 'Apply to Present for Acceptance' (highlighted), 'Cancel Application to Present for Acceptance', 'E-Draft Endorsement', 'E-Draft Discount', 'E-Draft Pledge', 'E-Draft Guarantee', 'E-Draft Recourse', and 'E-Draft Check'.

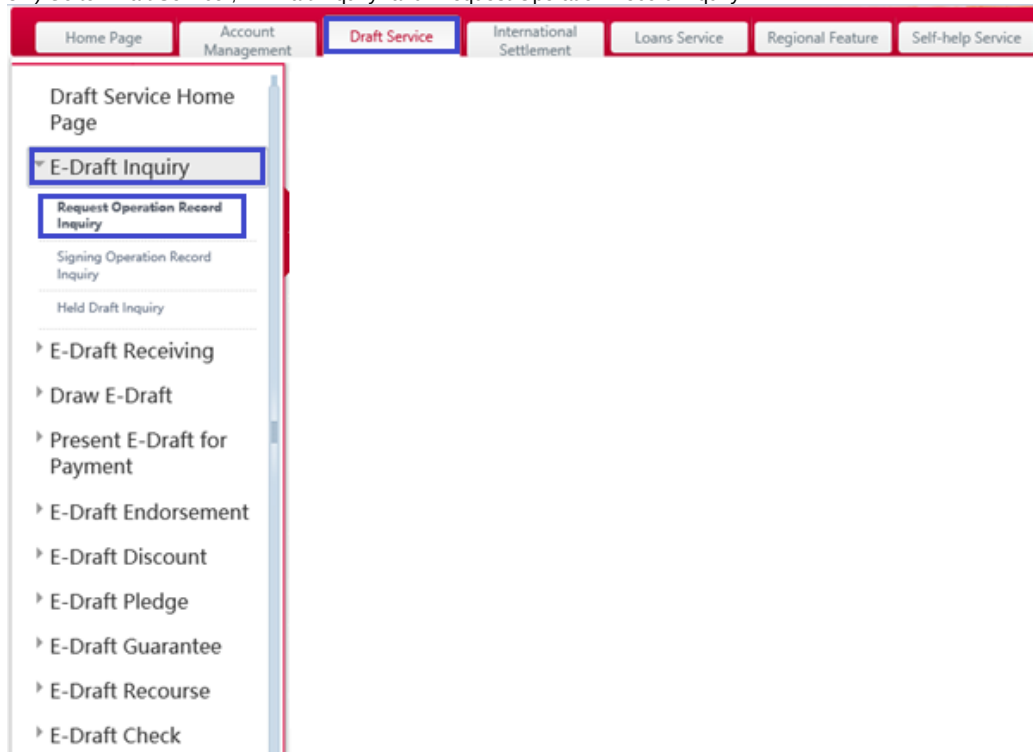
- 2.2) Select Account and Bank draft, insert "Date of presentation for payment" and "Overdue reason statement", then click apply.

The screenshot shows the 'Apply to Present for Acceptance' page in a web application. The top navigation bar includes 'Home Page', 'Account Management', 'Draft Service' (highlighted), 'International Settlement', 'Loans Service', 'Regional Feature', and 'Self-help Service'. The breadcrumb trail is 'Draft Service > Present E-Draft for Payment > Apply to Present for Acceptance'. The page contains a form with the following fields: 'Please select a note', 'Account Number', 'Date of Presentation for Payment', 'Overdue Reason Statement', 'Drawer's Name', 'Acceptor Name', and 'Payee Name on Note'. The 'Date of Presentation for Payment' and 'Overdue Reason Statement' fields are highlighted. A message at the bottom states: 'You have selected 1 notes, involving a cumulative amount of: 500,000.00RMB'.

- 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 Status: All

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

Note Number:

Draft Type: All

Starting Date of Note Drawing Date: Deadline of Note Drawing Date:

Starting Date of Note Maturity Date: Deadline of Note Maturity Date:

Starting Date of Final Authorization: End Date of Final Authorization:

Range of Bill Amount: -

Drawer's Name: Support multiple word inquiry

Acceptor 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: Overdue Reason Statement:

Clearing Mode: Online Clearing Submission Date:

Final Authorization Date: Operation Type:

Operation Status: Remarks:

Handling Person: [View](#) Message Board:

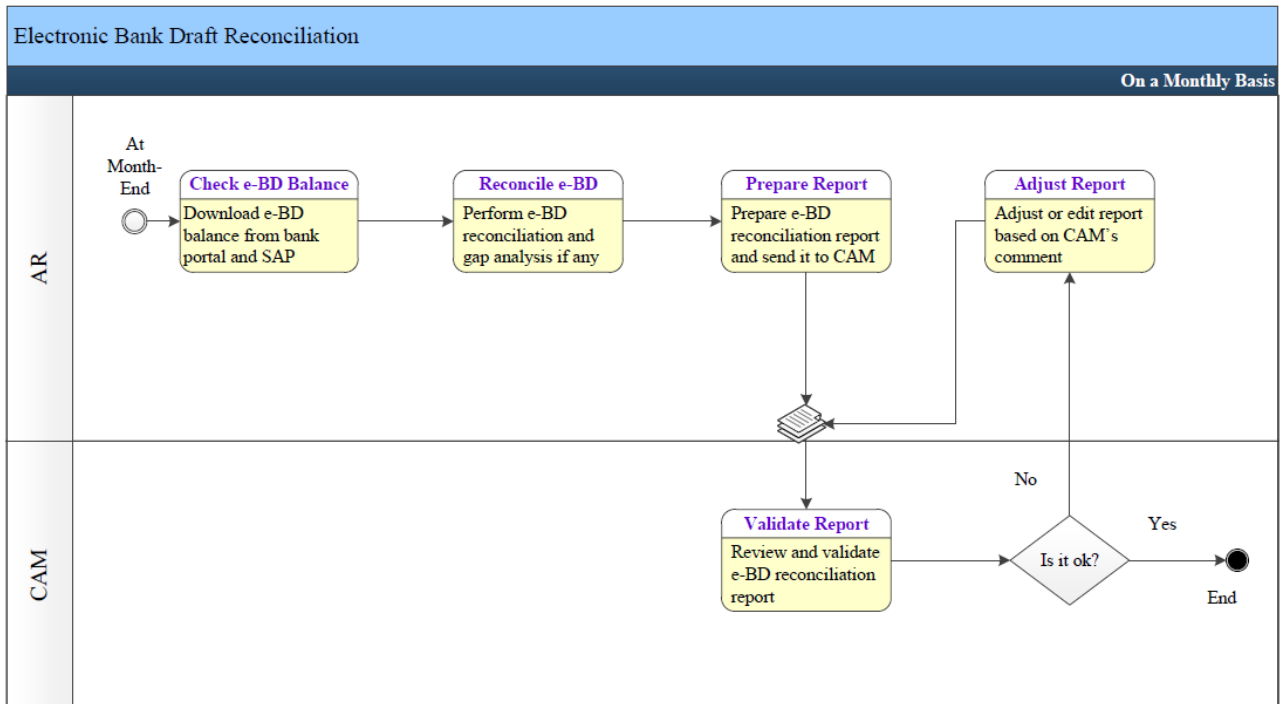
[Show replied message](#)

Replied Message

Reply Time: 2019-12-29T08:53:38 Reply Sign: Reject Receipt

Respondent's Remarks:

4. Bank Draft Reconciliation



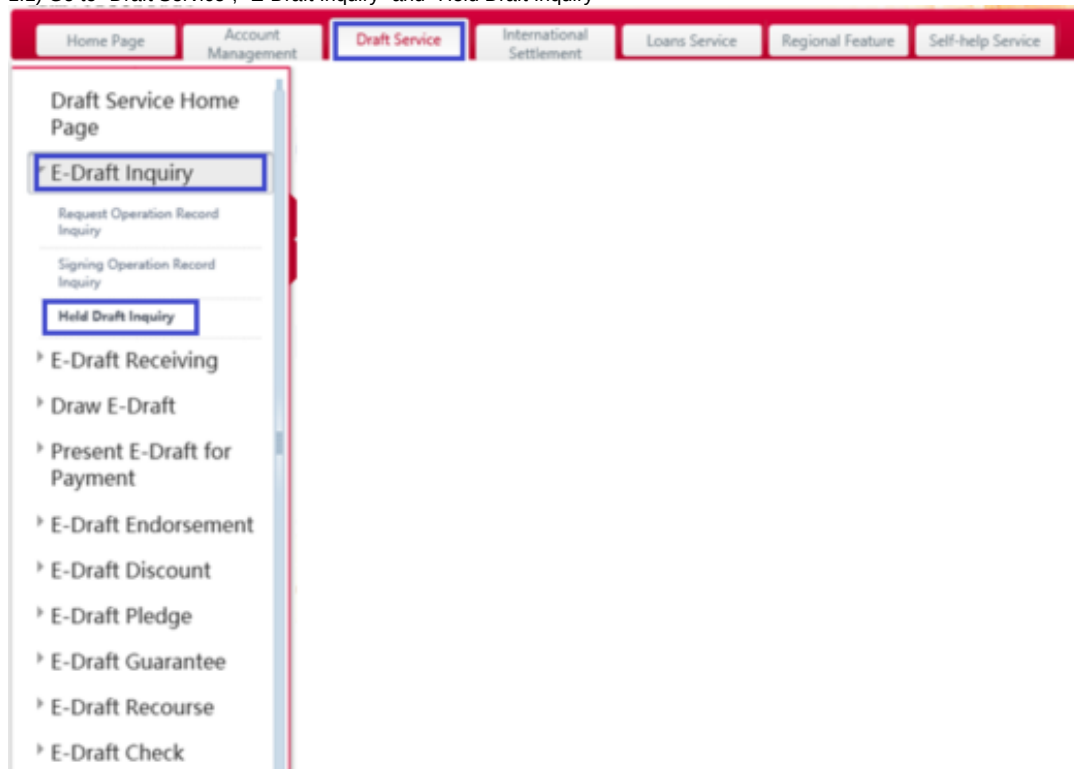
On a monthly basis, Bank Draft Reconciliation is one of mandatory activity and significant report, it is to ensure that all Bank Draft related transaction has been recorded in SAP.

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

Program Edit Goto System Help

✓ [dropdown] << [save] [undo] [redo] [print] [refresh] [help] [info] [search] [settings]

G/L Account Balance Display

Activate wishlist

G/L account	54000200	[icon]
Company code	7776	[icon]
Fiscal year	2021	[icon]
Business area		[icon]

2.2) Click "Execute" to display inquired balance.

G/L Account Balance Display

[icon] Document currency [icon] Document currency [icon] Document currency [icon] Business

Account number	*	
Company code	7811	SOLVAY (ZHENJIANG) CHEM
Business area		
Fiscal year	2021	
All documents in currency	*	Display currency CNY

[icon] [icon] [icon] [icon] [icon] [icon] [icon] [icon]

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.

[illegible]