



Financial Crisis

We help you sail through
the challenges

Introduction

Crisis may or may not occur. But when it does, companies do not get a second chance to get it right.

The **Deloitte Financial Crisis** team comprises professionals with background of **Restructuring** and **Forensic** and assists companies manage critical business threats and protect their brands and reputations. We assist stakeholders identify the root causes, formulate responses and strategies and ultimately recover the value of their investments.

Our Restructuring and Forensic professionals interact seamlessly and offer one-stop, holistic solutions to assist clients manage the risks during the various stages of a financial crisis. Leveraging the diversity and depth of our expertise and experience, we assist clients foresee and navigate whatever may lie ahead.

Restructuring Services

Restructuring Services has extensive experience in assisting clients to deal with complex business environments and challenges, including:

- Financial Restructuring
- Contingency Planning and Insolvency
- Portfolio Lead Advisory Services
- Turnaround and Performance Improvement (including Corporate Restructuring Advisory ("CRA"))

Financial Restructuring

We provide a comprehensive service to underperforming or distressed companies and their stakeholders.

One of our focus areas is offering debt restructuring solutions to companies and lenders who wish to exit or rationalize a relationship. Our services include conducting independent financial analysis, providing recommendations to creditors, supporting negotiations between debtors and creditors, assisting in disposal of non-core assets or investments as well as assisting in the development of a business plan and sourcing fresh capital to take the company forward.

We are able to provide a multi-disciplinary approach in reviewing an under-performing group or financially stressed fast-growing company, with a view to reducing their financing and operational costs, as well as improving efficiency and enhancing their fund raising capabilities.

Lender Solutions

We provide extensive and in-depth services to the client during the credit management cycle:

- Assist in initial selection of potential client and negotiation between borrower and lender in loan application;
- Review client or investee's credit rating and analyse the sustainability of its business before a lender commits to granting/increasing facilities;
- Assist borrower and lender in reaching agreement on the major terms and conditions for granting of a loan;
- Provide advice on the cross-border aspects of relevant transactions and tax planning opportunities;
- Assist in verifying the receipt of the loan money and the fulfilment of conditions as per the loan agreement;
- Monitor utilisation of the loan money;
- Provide an objective opinion to the lender based on the result of an independent financial review of the borrower;
- Provide client a debt restructuring solution when the client wishes to restructure its business or to exit an investment or loan position; and
- Assist in the formulation of a corporate restructuring plan and strategies handling distressed assets.

Contingency Planning and Insolvency

Contingency Planning

We have expert knowledge of formal enforcement procedures which, combined with deep situational experience across a broad range of industries, enables us to provide strategic contingency planning advice.

Our approaches focus on the critical issues in each situation and we support companies, financial stakeholders and potential investors by:

- Advising on and developing consensual and non-consensual restructuring plans;
- Developing alternative strategies to an existing restructuring plan, either as a genuine alternative or to expedite a restructuring process;
- Using insolvency to manage onerous liabilities;
- Achieving recoveries in contentious scenarios by using insolvency powers to pursue investigations and asset recoveries.

Insolvency

We provide insolvency solutions to companies in the absence of a viable business option. Our breadth of insolvency skills enables our team to design detailed solutions which can be delivered across borders and over a wide range of industries.

Our insolvency and liquidation services include:

- Bankruptcy/ Liquidation (Mainland China)
- Court Liquidation (Hong Kong)
- Creditors' Voluntary Winding Up (Hong Kong)

- Members' Voluntary Winding Up (Hong Kong)
- Receivership (Hong Kong)
- Personal Bankruptcy and Individual Voluntary Arrangement (Hong Kong)

Other Services

Exit & Recovery Services

We are experienced in advising investors on the most appropriate course of action in a situation where the performance of an investment is deteriorating and/or the investor is losing control of operations, particularly in the case of joint venture operations. We advise on appropriate strategies for a successful resolution of the situation to ensure returns are maximised or any loss minimised and the client's reputation is safeguarded. We are experienced in dealing with joint venture partners in Mainland China and other stakeholders to gain maximum leverage out of its limited tools available to exit such investment.

Closure Management

Our team offers a full range of closure management services in assisting clients to wind down a business properly in a timely and effective manner.

We can act as the lead project manager to assist in the formulation and orderly implementation of a restructuring plan which may include the closing down or disposal of loss making or non-core business/operations. Our services include prioritising work and coordinating multidisciplinary advisors so as to ensure that relevant concerns are properly addressed and the necessary services are delivered in a consistent and timely manner.

Estate Administration

We have a team of professionals experienced in managing and administering businesses and estates of deceased persons or persons for whom the court has made a relevant appointment under the Mental Health Ordinance.

We have a proven track record of adding value for stakeholders in complex situations.

Portfolio Lead Advisory Services

Our team has extensive deleveraging and loan sale experience and has spent many years advising banks on portfolio acquisitions and disposals in China. We have extensive experience in leading major workouts and in assisting banks selling non-performing loans to asset management companies.

We work closely with all stakeholders in China and add value throughout the deal lifecycle, from strategy & preparation to sale process and disposition.

Strategy & Preparation

Services we offer in strategy and preparation include:

- Provide portfolio strategy advisory;
- Perform vendor due diligence;
- Perform valuation services;
- Advise on corporate restructuring issues;
- Advise on real estate issues; etc.

Pre-sale Process

Our team can liaise with potential buyers to provide support in the bidding process, including formalising non-disclosure agreements and selection of bidders etc.

Sale Process and Disposition

We can assist clients in the sale process by providing advice on the drafting and finalizing of sale and purchase agreements, finalizing binding bid, setting up data room etc.

Turnaround and Performance Improvement (including Corporate Restructuring Advisory)

Turnaround and Performance Improvement

Where companies are facing financial, operational and/or industry challenges, our team is able to offer support with a distinct range of services to the company's management to ensure that stakeholder value is protected. It typically involves position review and an options/ scenario analysis, aiming to bring synergies and incremental value to performance improvement.

A position review is often requested by stakeholders in order to establish a sound basis on which to negotiate and move forward. Our position reviews provide real commercial, operational and financial challenges to management's business plans and an evaluation of the risks and potential upsides of the forecasts. We establish a realistic set of "post-vulnerability" numbers which form a basis upon which stakeholders can assess with confidence future profits and cash flow, and the value of the business.

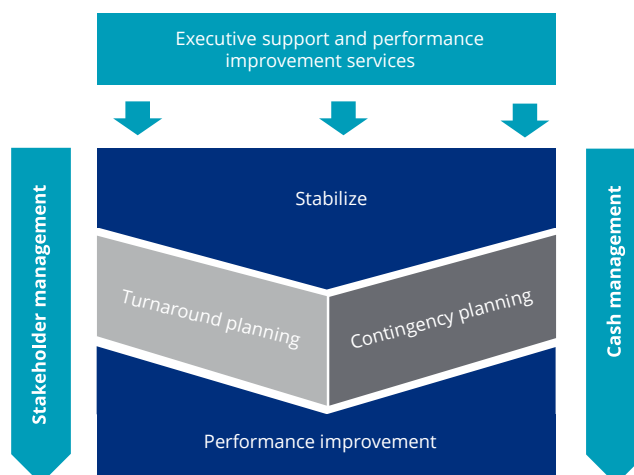
Early identification, evaluation and prioritization of the options available to stakeholders are key to achieving a successful improvement in performance. There could involve a covenant reset, refinancing,

amending and extending, performance improvement, sale of all or part of the non-core assets/business, etc. We can assist clients with the preparation of robust 'bankable' business plans which form the basis for successful performance improvement.

Corporate Restructuring Advisory

In the event that companies are unable to meet near-term obligations and there is a risk of default or failure in the short to medium term, we offer a distinctive end-to-end approach to:

- Stabilize the business from a financial, cash and operational perspective;
- Identify and manage the key stakeholders;
- Understand the key financial and operational issues facing the business;
- Prepare a regularization plan with buy-in from the bank creditors;
- Ensure that there is a viable contingency plan should 'Plan A' not be successful;
- Implement a performance improvement solution.



Deloitte Forensic

Deloitte Forensic provides a wide range of proactive and reactive solutions for an organization's financial crisis management and response.

We have extensive experience in assisting clients to deal with increasingly complex regulatory requirements and business environments and the challenges which may arise in connection with fraud, financial crime and disputes. We offer a holistic approach which combines the depth and the breadth of our capabilities – including industry knowledge, forensic investigative skills, advanced analytics and technology tools.

Analytics

Analytics can be applied in different domains for different industries. In Deloitte Forensic, we deploy sophisticated analytics approaches and leverage the experience of our investigative teams to gain a deeper and more complete understanding of what has occurred in the context of fraud, corruption and other financial crime. In various scenarios, we use our advanced analytics capability to build the customized risk matrix together with the clients to efficiently narrow down from large set of data to a manageable size

for review, resulting in significant cost savings of the clients. In the meantime, the scoring system in the risk matrix can assist in setting the review and follow-up priorities. We also work with clients to assist them proactively detect inefficiencies and anomalies in their or their affiliates' business – for better business processes for compliance with regulatory requirements or best practices - to identify potential issues before they happen. Besides traditional static text reports, we can provide data analytics results by visualization and assist clients to interpret with Deloitte insights.

Areas where forensic data analytics can be applied include anti-bribery/corruption, anti-money laundering, "Know your clients" (KYC), sanctions, transaction monitoring, fraud detection, financial due diligence and risk assessment.

Anti-bribery/corruption Advisory

Multinational corporations operating across borders face a myriad of compliance risks and challenges due to different legislations, some have extra-terrestrial implications, and diverse culture in its workforce. It is always better to proactively manage these risks before they become detrimental.

Proactive

Anti-bribery/corruption Advisory
Financial Crime Solutions
Fraud Risk Management

Analytics
Business Intelligence Services

Computer Forensics and Discovery
Corporate Investigations
Dispute Resolution

Reactive

With our global expertise in the Deloitte network and deep understanding of local culture, we can assist corporations to implement or improve their anti-bribery/corruption mechanisms, specific to their compliance requirements such as the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act. We also provide tailored compliance training to the staff and senior management of corporations.

In the context of mergers and acquisitions, we assist corporations to review the business practices at the target companies in connection with anti-bribery/corruption so that corporations can factor in the implications of these practices in structuring their deals, avoid surprises and significant drawbacks at later stages of the transactions.

Business Intelligence Services

Being fully informed means better decision making. Whether it is a potential business or joint venture partner, counter party of a litigation, a new customer or vendor or a prospective senior employee, we assist our clients with the right intelligence to mitigate risks of the unknown.

Our services include integrity due diligence, customer/vendor due diligence and executive vetting.

Integrity Due Diligence

Legal and financial due diligence alone may not identify "off-balance sheet" risks that occur all too often in many emerging economies where lack of transparency and inadequate business ethics are prevalent. Conducting an Integrity Due Diligence ("IDD") prior to committing to a business transaction or relationship is a key part of the risk mitigation process and can help avoid

costly mistakes, regulatory sanctions and damage to reputation.

Areas typically explored with regards to IDD include: corporate or individual profiles and reputations, corporate ownership and ultimate shareholders, business affiliations, political connections, litigation, regulatory and bankruptcy history, existence of any potential conflicts of interests, involvement in criminal activities and ethics-related issues.

Computer Forensics and Discovery

Our global industry and technical experience yields a more intelligent approach to discovery. We assist companies to solve their toughest discovery challenges and improve their discovery processes, programs and technology by providing the full spectrum of services. In assisting our clients, we bring agile teams with diverse cultural backgrounds and in-depth experience; specialized technical and industry capabilities; and an innovative use of data and emerging technology to uncover possibilities that others fail to find. We also work with our clients to develop cost control and risk mitigation strategies that apply throughout the discovery process, including culling and document-identification strategies, assisting with early case assessments, and utilizing predictive coding and text categorization.

Computer Forensics

We assist our clients to identify the critical information they need by collecting, preserving and harvesting data from mobile devices, computer systems, servers, cloud systems and back-up media, while maintaining/preserving data authenticity and chain of custody. We can also conduct advanced digital forensics analysis on computer

systems, networks, RAM memory, mobile devices and video forensics. Furthermore, we offer advanced decryption services, advanced file and system recovery, and forensic tape analysis and recovery.

Discovery

We deliver solutions to complex discovery challenges companies face by leveraging advanced technologies and state of the art facilities. We collaborate with our clients to assist with the preservation, collection, processing, hosting, review and production of data subject to discovery in litigation and investigations.

Corporate Investigations

We assist organizations and/or their lawyers to act quickly in dealing with regulatory actions and concerns, or sensitive internal investigations into fraud, corruption and misconduct. Our Deloitte global network allows us to combine an understanding of local business cultures and regulatory issues to find a path to a successful resolution, and leave the clients better-prepared to protect their assets and reputation. From large scale international fraud involving the tracing of cross border transactions to local irregularities such as employee infidelity and procurement fraud, we assist clients in managing forensic issues and focusing on outcomes that address asset recovery, reputation protection and prevention.

Areas of our corporate investigation services include procurement fraud, management and employee misconduct, third-party misconduct, misappropriation of assets, fund-flow tracing, FCPA/U.K. Bribery Act and other regulatory investigations.

Dispute Resolution

In a complex business disputes, we work with organizations and their lawyers, across a range of jurisdictions. Drawing on our deep experience in accounting and financial analysis, we give our clients the insight and understanding they need to strengthen their case, at all stages of a business dispute.

Litigation Support

We provide general litigation support services, including assessments of disputed transactions and their financial effects, assessment of party risk, identification of documents to be requested through the discovery process, assistance in security for cost applications, assistance to lawyers for cross-examination, critical assessments of the reports of other experts and general strategic litigation advice. We also provide support in the quantification and settlement of insurance claims, expert determination and alternative dispute resolution services, such as mediation and other forms of settlement negotiation.

Expert Witness

Many of our experienced accountants act as Expert Witness for clients in accounting, auditing or other issues related to our profession. This may include providing evidence on the valuation of complex claims or an estimation of losses or damages, dealing with business interruption, loss of earnings or profits, professional negligence, personal injury, libel and intellectual property cases, as well as shareholder, matrimonial, partnership and estate disputes.

Financial Crime Solutions

Our China Financial Crime Solutions team is part of the Global Deloitte

Financial Crime Strategy and Response Network. Our experienced and dedicated financial crime professionals, provide advice to the international and domestic banking and financial services industries, as well as to various regulatory authorities.

Financial Crime Solutions cover a range of regulatory driven topics:

- Customer Due Diligence
- Anti-Money Laundering
- Sanctions
- Anti-bribery/corruption
- Fraud Risk Management
- Market Conduct (Rogue Trading and Market Manipulation)
- Financial Crime Intelligence

Our depth of experience in financial crime covers a wide spectrum of engagements. These include but are not limited to:

- Risk assessments
- Process reviews and remediation
- Advisory and regulatory compliance
- Detection system and rule design

- Threshold management and optimization
- Intelligence gathering and data analytics
- Professional staff augmentation
- Training and awareness
- Trigger event reviews
- Financial crime investigations
- Deep dive client account reviews

Fraud Risk Management

The risk of fraud is inherent in every organization regardless of size and industry. Those charged with governance and management in an organization share the responsibility to ensure proactive measures are in place to address the risk of fraud including periodic risk assessments, robust compliance programs and risk mitigation plans. The earlier an organization identify the red flags of fraud, the less susceptible it is to investigation and other associated costs and risks. Benefits for organizations include improvements in business performance by enhancing its ability to prevent, deter and detect fraud and illegal acts.



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About Deloitte in Greater China

We are one of the leading professional services providers with 24 offices in Beijing, Hong Kong, Shanghai, Taipei, Changsha, Chengdu, Chongqing, Dalian, Guangzhou, Hangzhou, Harbin, Hefei, Hsinchu, Jinan, Kaohsiung, Macau, Nanjing, Shenzhen, Suzhou, Taichung, Tainan, Tianjin, Wuhan and Xiamen in Greater China. We have nearly 13,500 people working on a collaborative basis to serve clients, subject to local applicable laws.

About Deloitte China

The Deloitte brand first came to China in 1917 when a Deloitte office was opened in Shanghai. Now the Deloitte China network of firms, backed by the global Deloitte network, deliver a full range of audit, consulting, financial advisory, risk management and tax services to local, multinational and growth enterprise clients in China. We have considerable experience in China and have been a significant contributor to the development of China's accounting standards, taxation system and local professional accountants. To learn more about how Deloitte makes an impact that matters in the China marketplace, please connect with our Deloitte China social media platforms via www2.deloitte.com/cn/en/social-media.

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