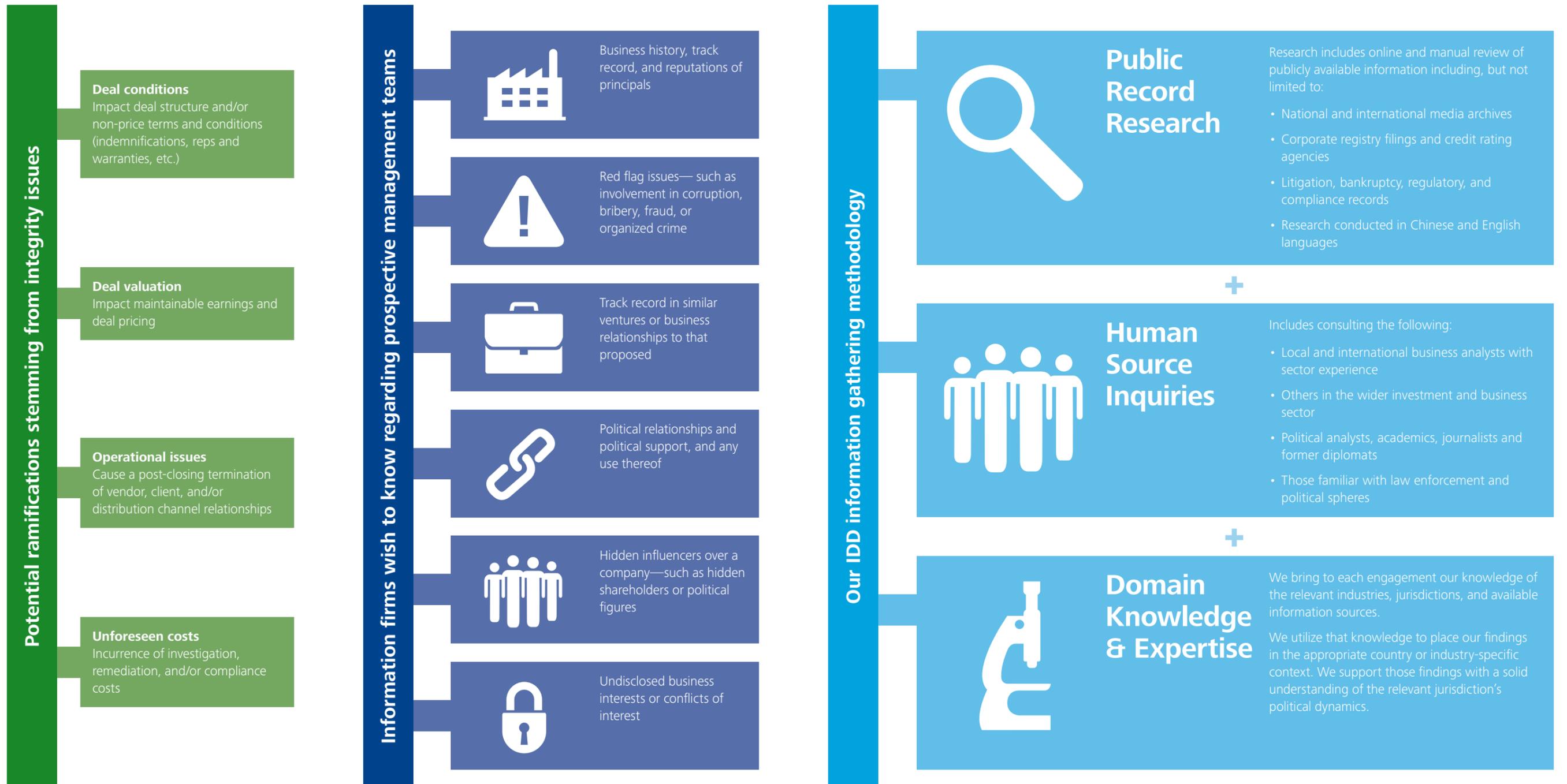


Integrity Due Diligence in China.

Given the **complexity of operating in China**, obtaining key intelligence is critical to making well-informed investment decisions. As the transaction progresses, knowing what to look for can reduce the risk of post-closing surprises, enhance relationships with regulators, protect value, and better position the target for success and delivery of expected results.

MNCs understand that one of their keys to success is the **quality of a prospective investment target's management team**. Risks are higher in emerging markets. Through our Integrity Due Diligence (IDD) services, we are able to provide insight into the management team's **track record and reputation** along with the **key information** that allows clients to successfully identify and address risks during their due diligence.



Deloitte's Integrity Due Diligence (IDD) Methodology.

Our IDD work is conducted using an effective methodology under the strictest confidentiality and within the laws of the countries in which we conduct our work. Our work is also subject to quality control procedures in order for our reports to be consistent, contextual and of high quality.



Information + Analysis + Timeliness = Intelligence

Case study



Our client
A large western construction company was **hoping to establish a joint venture** in China with a local partner.



The challenge
Before taking the venture further our client sought help with identifying and addressing issues which might have an adverse impact upon the proposed agreement and its future success.

Our research was focused on gathering information on the target company's **background, modus operandi, and activities.**



Our approach
We conducted **in-depth public record research** in relation to the Chinese activities of both the target company and its key local management, as well as gathering information through **our network of outside sources** there.

The results

Our client had informed us that their proposed local partner had been chosen as a result of its claim to have a **strong presence within the regional market** and access to 'favorable treatment' by the Chinese government.

Our research revealed that the partner did not have significant well-placed political contacts and there was **no evidence of the claimed 'favorable treatment'**.

We also identified that the partner had **significantly exaggerated** its size and market share, and that whilst it did have relations with some local retailers, the company and its management personnel **were almost unknown both locally and regionally.**

Our work enabled our client to better understand its potential partner's background **before it had committed significant resources** to the project, and was thus able to protect itself against entering into an unfavorable relationship.

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Business Intelligence Services

The Business Intelligence Services practice at Deloitte consists of highly trained professionals with extensive commercial and public sector experience in conducting **due diligence, litigation support, fraud & other investigations.**

Drawing on this experience, we can help clients gather and analyze open source and other information on **individuals, entities and industries** virtually anywhere in the world—including those jurisdictions where public records are sparse.