



Advisory



Funding



Debt restructuring

# Restructuring solutions for China based owners of Australian subsidiary companies and assets

**When there are insufficient assets to pay liabilities and the parent of the group or a related entity is unwilling or unable to provide funding, it may seem that doing nothing is the easiest way forward. However, there are a number of solutions available to owners and directors through Australia's restructuring framework that minimise reputational risk and maximise financial outcomes.**

## Why we are best placed to assist

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

More than 50,000 Grant Thornton people, across over 135 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work. Through this membership, we access global resources and methodologies that enable us to deliver consistently high quality outcomes for owners and key executives in our clients.

### Grant Thornton Australia

Grant Thornton Australia has more than 1,160 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable "client first" mindset and a broad commercial perspective. We have Mandarin speakers as part of our local Australian team who can assist with understanding and explaining the way forward.

### Grant Thornton China

With 23 offices around China and over 5,000 staff, we have the resources and experience to service our client base, which includes more than 200 publicly-listed companies and over 3,000 State-Owned-Enterprises and foreign investment companies. We are among the first Chinese accounting firms qualified to engage in securities business, futures and financial audit work, in addition to audit work for extra-large state-owned enterprises.

## How we can help

Our experience tells us that making informed decisions can lead to a better outcome

Through our team of subject matter experts, we can provide directors with the current position of the company which considers both financial and non-financial matters.

### Every situation is different and calls for a tailored approach

Through our diversity of thought and understanding the considerations for Chinese directors, we are able to provide options that are feasible, relevant and effective the current position.

### How you are viewed in the world is important

When we are developing the options available to directors, reputational impact is front of mind. We actively consider strategies to minimise the impact to ongoing business relationships where possible.



## Case study

Grant Thornton was approached by a client to prepare a high level diagnostic report for the directors of an Australian subsidiary of a Chinese owned group. The scope of the diagnostic report was to clarify:

- The financial position of the company
- The assets held by the company (including any recent disposals)
- Review of registered security interests and the positions of key creditors
- Develop a strategy to deal with a scenario where the company may become insolvent.

### Diagnostic report

The diagnostic report analysed the subsidiary's current position and identified the options available to the directors to move forward. The analysis and identification of options gave careful consideration to:

- Managing reputational issues for Chinese directors and investors
- Maximising value
- Assisting in explaining options to mainland China colleagues.

### Outcome

The Chinese based owner decided to pursue one of the options identified by Grant Thornton. This option helped protect reputation and management understood the process due to the Grant Thornton team's ability to explain the situation clearly in Mandarin. The directors were able to mitigate a large financial exposure, the company is now free of its debt burden and the owner is now able to reinvest in the Company or repatriate funds.

## For further information, contact:

### National

#### Matt Byrnes

National Head of  
Restructuring Advisory  
T +61 3 8663 6010  
E [Matt.Byrnes@au.gt.com](mailto:Matt.Byrnes@au.gt.com)

### Melbourne

#### Bei Bei Han

Director  
T +61 3 8663 6019  
E [Beibei.Han@au.gt.com](mailto:Beibei.Han@au.gt.com)

### Sydney

#### Said Jahani

Partner & Head of  
Financial Advisory - Sydney  
T +61 2 8297 2677  
E [Said.Jahani@au.gt.com](mailto:Said.Jahani@au.gt.com)

### Erica Xu

Senior Associate  
T +61 2 8297 2511  
E [Erica.Xu@au.gt.com](mailto:Erica.Xu@au.gt.com)