



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

Client:

An Australian subsidiary of a Chinese-owned group

Client challenge:

Developing a robust diagnostic analysis to understand the current financial position, and consider options.

Grant Thornton services:

Restructuring and turnaround, China Practice



When it comes to business-changing decisions, organisations can find themselves too close to objectively identify the best path to take. Added challenges can arise when key stakeholders not only have differing expectations, but there is also a need to navigate cultural differences.

An Australian subsidiary of a Chinese-owned group engaged Grant Thornton to undertake an independent diagnostic review. There were many factors at play: from complex financial and internal structures, and differing strategic ambitions, to cultural and language barriers between the Australian company, its parent and key stakeholders. The business required sought an independent review to assist management in making commercially-sound decisions for all stakeholders.



Client challenge

An Australian subsidiary of a Chinese-owned group required an independent diagnostic review to consider their current financial status and options for the Company.

The purpose of this review was to allow all parties to get a complete understanding of the subsidiary's current financial position, but also to identify the different options available, and the implications of each course of action on the Company and its stakeholders.

In addition, there was a need for our team to communicate and deliver our findings in both English and Mandarin.

The solution

Grant Thornton was engaged by the business to prepare this high-level diagnostic options review for the directors.

The scope included consideration of financial, legal and strategic elements, as well outcomes that included both going concern and formal administration outcomes.

The team at Grant Thornton – led by the firm's restructuring and turnaround experts – took a whole-of-business approach to the analysis, bringing together our financial and turnaround expertise, alongside our Chinese practice.

Identifying innovative solutions, and maximising value in the circumstances was the focus. Our recommendations also accounted for crucial non-financial factors for success, including cultural sensitivities, translation to Mandarin, and identifying and managing potential reputational issues for the Chinese directors.

The outcome

The Chinese-based owner decided to pursue one of the options identified by Grant Thornton.

The solution helped protect the reputation of the locally based Chinese directors, and mitigated a large financial loss, with value preserved in the broader group and residual funds made available to reinvest or repatriate to the parent.

An innovative solution must go further than the numbers alone. Our approach considers both the financial and non-financial elements, whilst balancing the cultural, reputational and community expectations of a Company's locally based Chinese directors and stakeholders.”

Matt Byrnes
National Head of Restructuring Advisory
Grant Thornton