



Restructuring your business to face the future

Key questions and issues

Today's business environment is rapidly changing, dynamic, and presenting considerable risks and challenges. A significant concern for every enterprise is how to survive tough times and emerge stronger, more resilient and more profitable. To do this, some may be considering substantial measures such as restructuring – a shift in the way they do business.

Each business will have its own reasons for restructuring, and here are some questions that you might be considering right now:

- How can we streamline our operations to cut inefficiency and drive down costs?
- Are there some companies in our group which we no longer need?
- Are there parts of the business that we can sell?
- How can we refocus on our key customers, products and services?
- How can we tighten management oversight and internal control?
- What are my duties and personal liabilities as a director during this process?

Why us?

Successfully executing a business restructuring can be a long and complex process. Our end-to-end approach can support you through this process, from an objective assessment of your needs, through to planning a commercially practical strategy for your business, and finally efficient execution of the plan. Our legal teams in Hong Kong and Shanghai regularly work seamlessly with KPMG professionals around the world, to give you a holistic, one stop solution.



Commercial and pragmatic

We work alongside you to reduce complexity through practical and integrated advice.



Client service

We believe in being client-centric through our excellence in service quality and timeliness.



Collaboration across disciplines

We collaborate with our network of professionals, bringing you a one stop business solution.



Global footprint

We leverage our Greater China experience and our Global Legal Services network.





Innovation driven

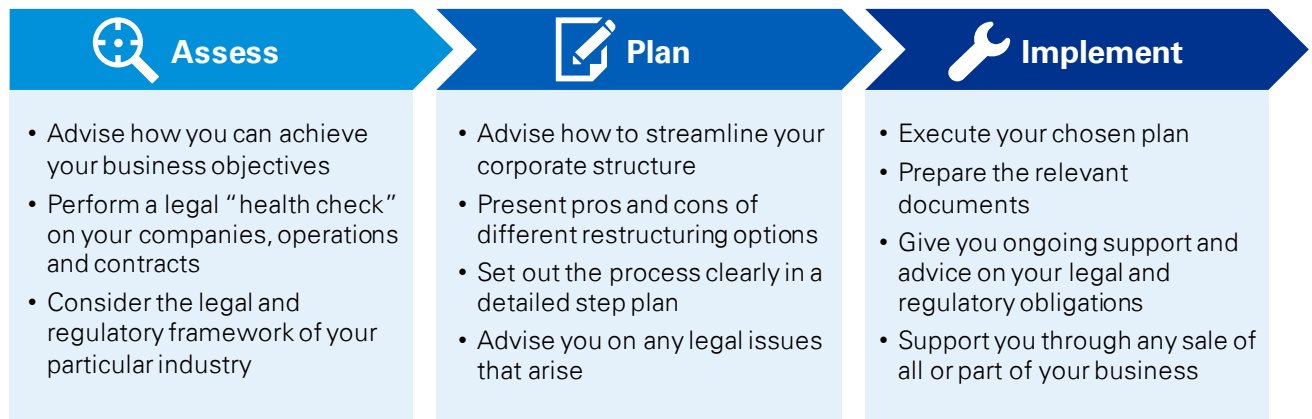
We deploy technology solutions to help you identify and manage risks more efficiently and effectively.

How can we help?

Our legal teams in Hong Kong and Shanghai can support you in areas related to transforming your ongoing business operations, as well as your corporate structure.

 Transformational changes	 Corporate structure
<ul style="list-style-type: none"> ✓ Renegotiating and redrafting employee, customer and supplier contracts ✓ Assistance with relocation of manufacturing facilities ✓ Assistance with refinancing ✓ Assistance with changes of directors and senior management ✓ Managed legal services ✓ Legal due diligence on non-performing loans related assets ✓ Advice to creditors or debtors in out-of-court restructurings ✓ Advice to bankruptcy administrators ✓ Advice on legal and regulatory compliance (including listing rules) 	<ul style="list-style-type: none"> ✓ Assistance with intra-group reorganisations ✓ Assistance with joint ventures, takeovers, privatisations, amalgamations and divestitures ✓ Advice on employee issues e.g. transfers, terminations, visas, secondments ✓ Advice on IP portfolio management ✓ Assistance with share or note issues to investors ✓ Advice on directors' duties and liabilities ✓ Assistance with share buy-backs or capital reductions ✓ Assistance with loan capitalisation or waivers ✓ Assistance with acquisition or disposal of companies and assets ✓ Legal due diligence for buyers or sellers ✓ Assistance with voluntary liquidations ✓ Advice on the impact of winding-up on corporate transactions and actions

Below is an illustration of the end-to-end process that we are able to take you through.





What are we seeing in the market?

Our clients are now taking moves to streamline operations, cut costs and improve profitability to overcome their business challenges. Here are four selected case studies which illustrate these trends.



Case study 1 – Cut costs, improve internal control, and strengthen customer relationships

- A Japanese conglomerate with presence in a wide range of sectors including natural resources, automotive, real estate and logistics decided to restructure its Hong Kong operations for several reasons: (a) reduce duplicated business functions and improve efficiency; (b) strengthen internal control; and (c) solidify relationships with key customers.
- We analysed the pros and cons of various proposals, and the client chose a business transfer followed by a members' voluntary liquidation.
- We performed "red flag" legal due diligence on the transferring business and are now assisting with the business transfer, including transfer of certain contracts and assets and the transition of employees.
- We are working alongside KPMG's Tax and Advisory professionals and the Global Japanese Practice network to deliver holistic services and a high degree of support and guidance to the client.



Case study 2 – Streamline operations to improve financial situation

- Another Japanese conglomerate with diverse business segments including machinery, IT, electronics, and chemicals decided to streamline its Hong Kong operations in light of a trend of decreasing revenue.
- We prepared a pros and cons analysis and step plan for various proposals, and analysed the restructuring's impact on certain business licences and certificates. The client chose a share transfer followed by an amalgamation.
- Employee issues were a key consideration in deciding which restructuring option was more suitable.
- We are now preparing to assist with the implementation phase of the project.
- We are working alongside KPMG's Tax and Advisory professionals in multiple Asian jurisdictions and the Global Japanese Practice network as an integrated one stop shop.



Case study 3 – Carve out part of existing assets to improve profitability

- A German multinational logistics company decided to carve out part of its assets globally, involving certain fixed assets and employees in Mainland China.
- We collaborated closely with KPMG's Tax teams in Germany and Mainland China to prepare a step plan for the client on how to carve out the fixed assets and employees and reorganise the structure of the Mainland Chinese companies.
- After the carve out, certain employees and assets will be transferred to a new entity established by the client, which will then be sold to external investors.



Case study 4 – Open up new markets by acquiring overseas assets

- A Mainland Chinese high-tech listed company had a long term international sales customer based in Europe, which is now undergoing insolvency. The client is considering an acquisition of the existing IP assets of that customer to grow its business.
- We helped the client identify the scope of the assets to be acquired, and map out the procedures to be followed.
- As the next step, we will assist the client to conduct legal due diligence and acquire the assets, with support from the KPMG Global Legal Services network as needed.

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