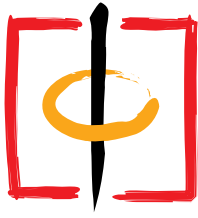
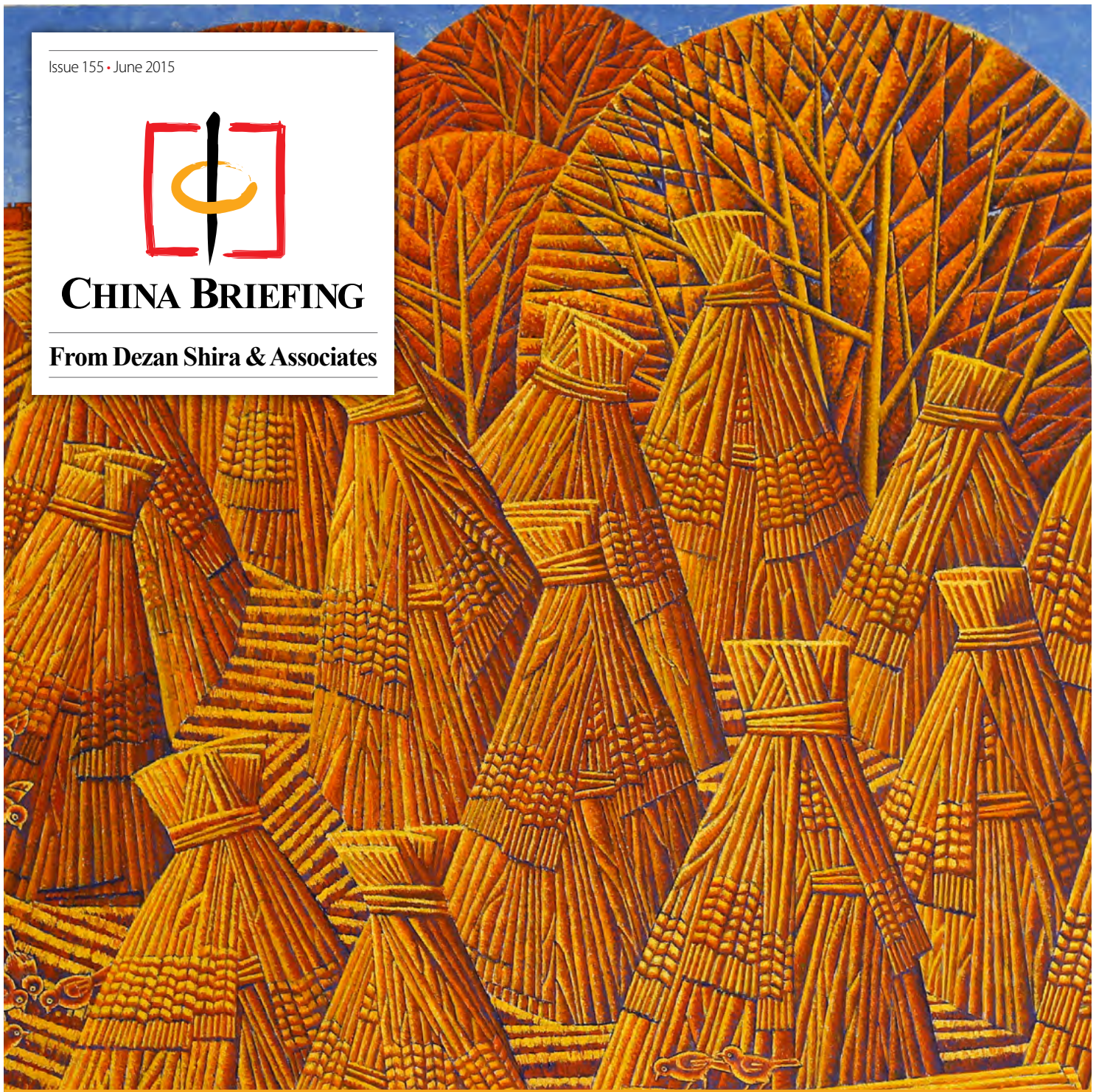


Issue 155 • June 2015



CHINA BRIEFING

From Dezan Shira & Associates



How to Restructure an Underperforming Business in China

P.04 Overview of Business
Restructuring in China

P.06 Options Available when
Restructuring a China Business

P.11 Expert Commentary: HR Concerns
during the Restructuring Process

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Introduction

In China, problems with a foreign entity's business can occur suddenly and for a variety of reasons. Labor costs may increase, tax incentives can be removed, and the way in which foreign investment is treated in a particular industry can be altered. In addition, despite the vast scope that exists for profit, the China market can be a difficult one to conduct business in. A foreign company with a flawed market entry plan or the wrong staff in key positions is likely to incur substantial losses.

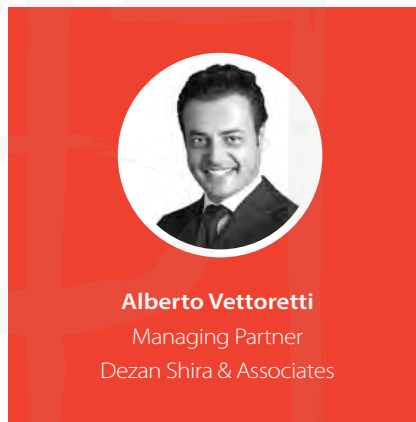
Decisive action is the most effective solution for companies encountering these kinds of problems in China. While de-registration and de-establishment is a common and, at times, correct course of action for a foreign entity to take, there are also a number of other available options that might better suit a company's individual situation. These include

business conversion, company divestiture and 'temporary dormancy'.

In this issue of China Briefing magazine, we explore the options that are available to foreign firms looking to restructure or close their operations in China. We begin with an overview of what restructuring an unprofitable business in China

can entail, and then take an in-depth look at the way in which a foreign company can go about the restructuring process. Finally, we highlight some of the key HR concerns associated with restructuring a China business.

With 23 years of experience in the China market, Dezan Shira & Associates can ensure that your company chooses the right restructuring option and can further guide you through the relevant procedures.



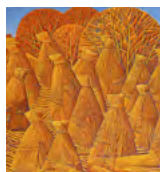
Alberto Vettoretti
Managing Partner
Dezan Shira & Associates

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With kind regards,

A handwritten signature in black ink, appearing to read 'Alberto Vettoretti', with a small mark at the end.

Alberto Vettoretti

For queries regarding the content of this magazine, please contact:
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