

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
2	<p>1. The borrower held 45% equity in a JV, which has been foreclosed by other competitive creditors;</p> <p>2. At the meantime of FYT's negotiation with the borrower, the borrower's parent company planned to initiate the borrower's bankruptcy and take back the equity by itself;</p> <p>3. The borrower was already listed in the bankruptcy scheme approved by government and the bankruptcy process would be started soon.</p>	<p>The client would receive only RMB2.85 mm on a pro rata basis based upon the borrower's total liabilities in case of the borrower's bankruptcy.</p>	<p>With its accurate market intelligence and strong local connections, FYT responded fast enough to successfully foreclosed the borrower's equity in the JV and realize a satisfactory recovery during the interim period of one week between the expiry of other creditors' foreclosure and the bankruptcy of the borrower.</p>	7,174,184	11,000,000	3,825,816	53.33%
3	<p>Closing documents from the seller indicated that the borrower did not have any valuable asset.</p>	<p>The client's recovery would be very low as there is no value in the borrower.</p>	<p>With its accurate market intelligence and strong local connections, FYT had access to an internal document from the borrower's parent company. According to the document, a piece of land would be refunded to the borrower from a JV which the borrower had set up before. FYT successfully foreclosed the land one day before the borrower's sale of the land.</p>	667,562	3,000,000	2,332,438	349.40%

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
4	The borrower's parent company planned to initiate the borrower's bankruptcy.	The client would receive only RMB0.92mm on a pro rata basis based upon the borrower's total liabilities in case of the borrower's bankruptcy.	With its accurate market intelligence and strong local connections, FYT responded fast enough to identify a piece of land of the borrower which has been approved to be used for residential development. FYT initiated the auction of the land to the highest bidder and realize a satisfactory recovery before the bankruptcy of the borrower.	2,205,625	11,000,000	8,794,375	398.72%

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
5	Closing documents from the seller indicated that the mortgage contract with regard to the collateral is missing although there is an other right certificate. Without the presentation of mortgage contract, our client's rights with regard to the collateral will not be supported by the court while the collaterals have been foreclosed by other creditors.	The client's mortgage rights with regard to the collaterals will not be supported by the court without a relevant mortgage contract. Consequently, the client's recovery could be very low.	Through its strong local connections, FYT successfully foreclosed the property before other creditors renewed their foreclosure on the property and found out the mortgage contract to support its client's mortgage rights with regard to the collateral.	9,452,680			
6	The beneficiary in the other right certificate is different from that in the mortgage contract available. However, no documents showed that the mortgage contract had been extended; The different beneficiaries represented two different bank branches.	The client's mortgage interests would not be supported by the court while other creditors had won litigation against the borrower in legal balance of RMB136 mm. This would significantly affect the client's recovery.	FYT successfully foreclosed the borrower's properties before other creditors apply for court enforcement against such properties; with new evidences, FYT eventually persuaded the court to rule that the mortgage shall be legally valid.	8,664,957	35,153,935	17,036,298	94.03%

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
7	Closing documents indicated that the borrower has not valuable assets.	The client's recovery would be very low because the borrower had no asset.	With its accurate market intelligence and local connections, FYT successfully identified and auctioned the borrower's assets including land of 35,671.32 m2 in site area and buildings of 400 m2 in GFA and loans of RMB 6, 894,831.3 owed by other parties to the borrower.	80	7,433,859	7,433,779	9292223.75 %
8	<p>1. Both the borrower and the mortgagor have gone bankrupt. A liquidation committee has taken over all the fixed assets of the borrower and the mortgagor.</p> <p>2. Both the borrower and the mortgagor still owed hundreds of millions RMB to tens other creditors.</p> <p>3. The client has not yet initiated any litigation while other creditors have already won their litigations pending enforcement.</p>	<p>1. Without valid court judgment confirming the loans of the client, the client's rights against both the borrower and the mortgagor may not be accepted by the liquidation committee.</p>	<p>1. FYT actively communicated with the liquidation committee and timely registered the client's creditor's rights and mortgage rights by showing all loan and mortgage files to the liquidation committee without any effective court judgment.</p> <p>2. FYT actively communicated with a court and obtained the court's confirmation of the client's loan and mortgage rights by way of a simpler document rather than a formal court judgment.</p> <p>3. Compete with tens other creditors and safeguard the client's legal rights.</p>	12,276,681	15,117,000	2,840,319	23.14%

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
9	<ol style="list-style-type: none"> <li>1. The borrower was a private company restructured from a former SOE.</li> <li>2. The borrower is losing in its operation and thus has no ability to repay the loan.</li> <li>3. Collaterals included 2 aged printing machines, the fair market value of which was 1/5 of the OPB.</li> </ol>	<p>In case of court enforcement against the collaterals, the client will be able to recover a low value from the collateralized machines.</p> <p>In case of the borrower's bankruptcy following the disposition of the machines, the client would have to face the competition from other creditors and share the auction proceeds of the machines with other creditors.</p>	<p>FYT proposed a settlement plan to the borrower that the borrower should borrow money from its shareholders to repay the loan. In return for that, FYT agreed to a 6-month installment payment schedule with the upfront payment of RMB200,000 which is 3 times of the client's purchase price.</p>	61,812	700,000	638,188	1032.47%
10	<ol style="list-style-type: none"> <li>1. As a huge SOE, the borrower has strong support from by the local government.</li> <li>2. The local government directly instructed that the local court should not enforce any litigation against the borrower.</li> <li>3. Both the former lending bank and AMC failed to recover anything from the borrower due to intervention from the local government.</li> </ol>	<p>With intervention from the local government, the local court refused to help the client to enforce against the borrower and then no recovery shall be possible from the borrower directly.</p>	<p>With accurate market intelligence, FYT managed to sell the loan to a local investor, who claimed to have strong connections with the local government.</p>	7,221,155	10,109,617	2,888,462	40.00%

Case	Key Risks	Base Case Scenario	FYT Actions/Initiatives	Client's Purchase Price	FYT's Recovery	FYT's Value-Added	Value-Added Ratio
11	<p>1. As a huge SOE, the borrower has strong support from the local government.</p> <p>2. The loan is not secured by any property or fixed asset.</p> <p>3. The borrower is losing in its operation and thus has no ability to repay the loan.</p> <p>4. Total OPB is RMB23,000,000 while the client's purchase price amounts to RMB22,747,243. It seems difficult for the client to make money from this asset.</p>	<p>The client has no clear idea on the disposition of this asset during its underwriting.</p>	<p>1. With its local market intelligence, FYT found out that the borrower had made a loan of RMB30 mm to a 3rd party.</p> <p>2. FYT managed to work out a settlement plan with the borrower that the borrower should pay RMB9.5 mm through installment payments and also transfer its 3rd-party loan of RMB30 mm to the client as a settlement.</p> <p>3. FYT eventually helped the client to recover another RMB17.5 mm from the 3rd party for the loan of RMB30 mm.</p>	22,747,243	27,017,250	4,270,000	18.77%