

## HONG KONG ECONOMIC JOURNAL (EJ INSIGHT)

### Former Kaisa chairman reappointed

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Troubled Chinese property developer Kaisa Group Holdings Ltd. said on Monday it will reappoint Kwok Ying-shing as chairman.

His return could raise questions about whether an attempt to rescue the Shenzhen-based company will proceed, the Wall Street Journal reported, citing analysts.

Kwok, 50, resigned as chairman in late December due to “health reasons”. The company declined to comment further on his return.

“Mr. Kwok’s return might signal that the Sunac acquisition will not go through,” said Chuanyi Zhou, a credit analyst at Lucror Analytics.

Kaisa is holding negotiations with creditors on more than US\$2.5 billion in offshore debt, as well as on its onshore borrowings, to expedite a rescue attempt by another property developer, Sunac China Holdings Ltd.

Last week, the Shenzhen government partially lifted sales restrictions on Kaisa’s property units, and one of its shareholders, Sino Life Insurance Co., extended a 1.377 billion yuan (US\$222 million) loan to the developer, the newspaper said.

“Following recent news about a partial unlocking of some property units in Shenzhen and Sino Life’s loan to Kaisa ... [Kwok] may have reached an agreement with the government to cooperate in the anti-corruption drive and resume his duties,” Zhou said.

Some analysts said Kwok’s return could benefit the company as he would have more at stake to keep Kaisa afloat.

Investors, too, appeared upbeat about his reappointment. Kaisa’s series of US\$2.5 billion of offshore bonds rose 3 to 4 US cents Monday and were trading at 67-68 cents on the dollar.

“The market is taking this [chairman returning] as a positive news,” said Frank Huang, a fixed-income trader at SinoPac Securities in Hong Kong. “But I think the outlook for Kaisa is still very opaque. There’s still no final solution on its debt restructure yet.”

“Whether it is positive for the company, we don’t know. Cash flow remains the biggest problem of Kaisa. Despite the loan from Sino Life, cash flow ultimately depends on whether all the unit blocks will be lifted by the government and whether Kaisa is able to get bank financing again. It’s difficult for a company to operate in this situation,” Dilip Parameswaran, founder of credit research firm Asia Investment Advisors, was quoted as saying.