



Jason Kang, Jian Wu and Chang Liu Share Creative Monetization Strategies of Chinese Issuer USD Bonds with JunHe

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Many major Chinese enterprises have been issuing bonds in US dollars in the offshore bond market. While debtors are often able to discriminate against foreign bond holders, rising investor activism has increased the need for creative monetization strategies to generate value even from the most recalcitrant debtors. In a Chinese article, Kobre & Kim's Shanghai-based Jason Kang, Jian Wu and Chang Liu write in collaboration with Chinese law firm JunHe about how these strategies have led to success on the ground.

For example, one common occurrence is when a debtor ignores court judgments and court orders obtained by a creditor. By applying for a receivership, an officer is appointed by the court to take custody of specified debtor's assets with direction to liquidate the assets and distribute the proceeds, and in the case of corporate debtors, even fire and replace the directors. This can resolve debtor non-compliance by effectively removing the debtor's unwillingness to cooperate.

Some debtors may try to file for Chapter 11 bankruptcy to frustrate collection efforts. While dismissing Chapter 11 cases is difficult and rare, the authors explain how a Kobre & Kim team successfully moved for dismissal by demonstrating bad faith. In addition, the authors explain how unsecured creditors – usually left at the back of the line – can benefit from a UCC foreclosure sale secured creditors can utilize to achieve repayment.

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