

Insights



John Han to Reuters: Evergrande's Eleventh-Hour Payment Only Shows They Are "Not Yet Ready for the House to Come Down"

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Though China Evergrande Group, the heavily indebted Chinese real estate developer, made a US \$84 million interest payment to its offshore bondholders just shy of the end of a grace period, the move has not allayed investor anxieties. Kobre & Kim's Hong Kong-based John Han, who focuses on monetization of Greater China-based distressed debt, spoke to *Reuters* about what the payment means and how it falls short.

Despite the payment, Evergrande still has over US \$300 billion in liabilities and nearly US \$20 billion in offshore debt, and its property sales have fallen 30% in the year ending October 20. "While obviously a positive, the coupon payment does not address the overall concerns about Evergrande's sustained liquidity through the first maturity in Q2 2022 and beyond," Mr. Han explained. "This only shows that the company is not yet ready for the house to come down completely through a massive cascade of cross defaults. Time is needed for what is planned next."

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