



Rating
Hold

Asia
China

Property
Property

Company
Kaisa Alert

Reuters 1638.HK	Bloomberg 1638 HK	Exchange HSI	Ticker 1638
ADR Ticker KAISY	ISIN US48300T1025		

Date
26 May 2015

Company Update

Price at 22 May 2015 (HKD)	1.56
Price target - 12mth (HKD)	1.80
52-week range (HKD)	3.20 - 1.47
HANG SENG INDEX	27,993

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Stock data	
Market cap (HKDm)	7,652
Market cap (USDm)	987
Shares outstanding (m)	4,905.4
Major shareholders	–
Free float (%)	21
Avg daily value traded (USDm)	4.0
Source: Deutsche Bank	

Key data			
FYE 12/31	2013A	2014E	2015E
Sales (HKDm)	19,523	24,839	27,012
Net Profit (HKDm)	2,857.4	3,540.7	4,018.2
DB EPS (HKD)	0.42	0.64	0.72
PER (x)	5.3	2.5	2.2
Yield (net)	6.6	11.7	13.2
Source: Deutsche Bank			

More reported problems on Sunac's purchase of Kaisa

Mr. Sun Hongbin is reported for potential rule violations

Local media Sohu reported that, the long trading halt (6 trading days) of Sunac might be due to Mr. Sun Hongbin, Chairman of Sunac, being reported on potential violations of acquisition rules on the deal between Sunac and Kaisa. If the violation is confirmed by the Hong Kong Stock Exchange, Sunac might be not able to get back the partial payment of HK\$1.55bn paid to Kaisa. In addition, media reported Sunac may be considering giving up the acquisition of Kaisa.

Longest trading halt of Sunac since listing

Sunac made the announcement of trading halt in the morning of 15 May, and there has been no related update as of today, the sixth trading day since the suspension of the ticker. The same media (Sohu) reported that this is the longest halt since Sunac listed in Hong Kong.

Local media Sohu quoted source closed to the companies, stating that Mr. Kwok Ying Shing reported the potential violation of acquisitions of Mr. Sun Hongbin to the Hong Kong Stock Exchange, and this could be the major reason for the long trading halt of Sunac's stocks.

Deadline of the deal: 31 July

It has been reported many times by various local media such as JRJ, Hexun, and Guandian, Mr. Kwok is not willing to sell the company to Sunac. According to the announcements, if the prerequisites of the transaction cannot be satisfied on or before 31 July, the deal can be terminated. According to the rules, if Sunac is the one who has made untrue or misleading statements, Sun would not be able to get back the amount of HK\$1.55bn that Sunac has paid to Kaisa.

Since the debt restructuring proposal made by Sunac, there have been some news-flows regarding the deal that might not be favorable to Sunac, and there are now rising uncertainties regarding Sunac's acquisition on Kaisa.

Deutsche Bank AG/Hong Kong

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