

Lianhe Global has assigned ‘B+’ to Golden Wheel Tiandi Holdings Company Limited’s proposed USD notes

HONG KONG, 29 June 2020 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘B+’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD notes (“the USD notes”) to be issued by Golden Wheel Tiandi Holdings Company Limited (1232.HK) (“Golden Wheel”, ‘B+’/Stable).

Golden Wheel intends to use the net proceeds from this offering for refinancing its existing indebtedness.

Key Rating Rationales

The USD notes are rated at the same level as Golden Wheel’s global scale Long-term Issuer Credit Rating of ‘B+’ as they constitute Golden Wheel’s senior and unsecured obligations. Golden Wheel’s obligations for the USD notes shall rank pari passu with all its other present and future unsubordinated and unsecured obligations.

The Issuer Rating reflects Golden Wheel’s established market position with quality property development projects with link or proximity to metro stations, and stable property investments and metro-leasing business which provide recurring income and healthy margins. However, Golden Wheel’s rating is constrained by its small operating scale and elevated financial leverage from land acquisitions as compared with its peers.

The Stable Outlook reflects our expectation that Golden Wheel would expand its operating scale in a prudent manner especially regarding land acquisitions, while continue to maintain stable recurring income stream, healthy margins and deleveraging effort.

Rating Sensitivities

Any rating action on Golden Wheel’s rating would result in a similar rating action on the USD notes.

We would consider downgrading Golden Wheel’s rating if it were to aggressively replenish its land bank which result in an increase in its financial leverage as measured by debt/capitalization to over 65% or a decrease in its EBITDA interest coverage to below 1.0x consistently, and/or its operating performance were to deteriorate such that its sales or rental income experience a material decline or liquidity profile is worsened.

We would consider upgrading Golden Wheel’s rating if it were to (1) considerably increase its operating scale and recurring income stream, (2) maintain its financial leverage as measured by debt/capitalization at below 50% or EBITDA interest coverage at above 2.5x consistently, and (3) notably improve its liquidity profile.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this Golden Wheel's rating is Lianhe Global's General Corporate Rating Criteria published on 16 July 2018, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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