

**Lianhe Global has assigned ‘B+’ to Jingrui Holdings Limited’s proposed USD notes**

HONG KONG, 6 November 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 Jingrui Holdings Limited (01862.HK) (“Jingrui”, ‘B+’/Stable).

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

The Issuer Rating reflects Jingrui’s operating track record and continuous expansion in tier 1 and 2 cities, especially in the Yangtze River Delta. However, Jingrui’s rating is constrained by its small operating scale, weak competitiveness on land acquisition, moderately high financial leverage and lower-than-peer gross margin.

The Stable Outlook reflects our expectation that Jingrui will replenish its land bank portfolio and expand its operating scale in tier 1 and 2 cities while managing its debt growth cautiously and improving its gross margin and credit profiles commensurate with the ‘B’ credit rating category.

**Rating Sensitivities**

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

We would consider downgrading Jingrui’s rating if it were to (1) aggressively replenish its land bank which results in an increase in its financial leverage as measured by debt/capitalization to over 70% or a decrease in its EBITDA interest coverage to below 1.0x consistently, and/or (2) its operating performance were to deteriorate such that its contracted sales and/or revenue experience a material decline or liquidity profile is worsened.

We would consider upgrading Jingrui's rating if it were to (1) expand its operating scale, and/or (2) maintain its financial leverage as measured by debt/capitalization at below 60% and EBITDA interest coverage at above 2.0x consistently.

### **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 Jingrui'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](http://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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