

Lianhe Global has assigned ‘B+’ to Huijing Holdings Company Limited’s proposed 364-day USD notes

HONG KONG, 19 July 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘B+’ Issuance Credit Rating to the proposed 364-day senior unsecured USD notes (“the USD notes”) to be issued by Huijing Holdings Company Limited (9968.HK) (“Huijing” or “the company”, ‘B+’/Positive).

Huijing intends to use the net proceeds from this offering for refinancing its existing indebtedness and for general corporate purposes.

Key Rating Rationales

The USD notes are rated at the same level as Huijing’s global scale Long-term Issuer Credit Rating of ‘B+’ as they constitute Huijing’s senior and unsecured obligations. Huijing’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 Huijing’s track record of its contracted sales growth, gradual geographical diversification of its land bank and its above-average profitability. However, Huijing’s rating is constrained by its small operating scale, limited number of projects and geographical concentration of its contracted sales and revenue contributions, and reliance on short-term financings.

The Positive Outlook reflects our expectation that Huijing will sustain its contracted sales growth and deliver its planned projects, while expanding its operating scale and diversifying its land bank in a measured manner. Also, we expect Huijing’s involvement in urban renewal projects (URPs) will help the company to enlarge its land bank, sustain its contracted sales growth and profit margins in the medium term.

Rating Sensitivities

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

We would consider downgrading Huijing’s rating if it were to (1) aggressively expand and replenish its land bank which result 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 2.0x 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 Huijing’s rating if it were to (1) considerably expand its operating scale and demonstrate successful diversification into other regions, and (2) maintain its

financial leverage as measured by debt/capitalization at below 50% and EBITDA interest coverage at above 4.5x consistently, and (3) improve its liquidity position.

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 Huijing'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.

Contact Information

Primary Analyst
Ben Yau
Director
(852) 3462 9586
ben.yau@lhratingsglobal.com

Committee Chairperson
Alex Kung
Senior Director
(852) 3462 9577
alex.kung@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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