聯合評級國際
Lianhe Ratings Global

Press Release
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Lianhe Global has affirmed 'BB' global scale Long-term Issuer and Issuance Credit Rating of Radiance Group Company Limited; Issuer Rating Outlook Stable

HONG KONG, 5 July 2021 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has affirmed 'BB' global scale Long-term Issuer Credit Rating of Radiance Group Company Limited ("Radiance" or "the company"). The Outlook is Stable.

Lianhe Global has also affirmed 'BB' global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by Radiance Capital Investments Limited, a wholly-owned subsidiary of Radiance, and guaranteed by Radiance. A full list of affirmed issuance ratings is included in this press release.

Key Rating Rationales

The Issuer Rating reflects Radiance's improved market position and financial leverage, enhancement in transparency and corporate governance following the listing of Radiance Holdings (Group) Company Limited ("the listco"), continuous expansion in tier 2 and core tier 3 cities, and steady project delivery. However, Radiance's rating is constrained by its moderate operating scale, limited visible track record, and moderate financial metrics.

The Stable Outlook reflects our expectation that Radiance will replenish its land bank portfolio and expand its operating scale in tier 2 and 3 cities while managing its debt growth cautiously and maintain its credit profile commensurate with the 'BB' credit rating category.

Rating Sensitivities

We would consider downgrading Radiance'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 75% or a decrease in its EBITDA interest coverage to below 1.5x 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 Radiance'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% or EBITDA interest coverage at above 4.0x consistently.

Any rating action on Radiance's rating would result in a similar rating action on the USD notes.

Full List of Issuance Ratings

- USD250 million 8.80% senior unsecured notes due 2023 affirmed at 'BB'
- USD250 million 11.75% senior unsecured notes due 2021 affirmed at 'BB'

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 Radiance'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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