

Lianhe Global has assigned ‘B+’ to Yincheng International Holding Co., Ltd.’s proposed 364-day USD notes

HONG KONG, 16 September 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 Yincheng International Holding Co., Ltd. (1902.HK) (“Yincheng”, ‘B+’/Stable).

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

The Issuer Rating reflects Yincheng’s established market position and branding in its home market Nanjing, a steady expansion of its development projects’ pipeline to sustain its contracted sales growth momentum, and a gradual diversification of its land bank from the heavy reliance on Nanjing. However, Yincheng’s rating is constrained by its small operating scale and geographical concentration as compared with its peers.

The Stable Outlook reflects our expectation that Yincheng would sustain its contracted sales growth outlook and maintain its competitive position in core markets such as Nanjing, while expanding its operating scale and diversifying its land bank in a prudent manner.

Rating Sensitivities

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

We would consider downgrading Yincheng’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 80% or a decrease in its EBITDA interest coverage to below 1.0x consistently, and/or its operating performance were to deteriorate such that its property development business market position or sales experience a material decline.

We would consider upgrading Yincheng’s rating if it were to (1) expand its operating scale and demonstrate successful diversification into the other regions and (2) maintain its financial leverage as measured by debt/capitalization at below 60% or EBITDA interest coverage at above 3.0x 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 Yincheng'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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