

**Lianhe Global places Sinic Holdings (Group) Company Limited on Rating Watch Negative**

HONG KONG, 20 September 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has placed the ‘BB-’ global scale Long-term Issuer Credit Rating of Sinic Holdings (Group) Company Limited (2103.HK) (“Sinic” or “the company”) on Rating Watch Negative (RWN).

Lianhe Global has also placed the ‘BB-’ Issuance Credit Rating of the senior unsecured USD notes issued by Sinic on RWN.

The RWN reflects the deterioration in Sinic’s access to financing channels and heightened refinancing risk. In addition, Sinic had c. 34% of its land bank in a single province (Jiangxi Province) at end-June 2021, which may subject the company to heightened regulatory oversights.

**Rating Sensitivities**

We would consider downgrading Sinic’s rating if it were to 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 2.0x consistently, and/or its operating performance were to experience a material deterioration or liquidity position is worsened.

An upgrade is unlikely given the RWN on Sinic.

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

**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 Sinic’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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