

Lianhe Global downgrades Sinic Holdings (Group) Company Limited’s global scale Long-term Issuer Credit Rating and Issuance Credit Rating from ‘BB-’ to ‘CCC+’; Remain on Rating Watch Negative

HONG KONG, 23 September 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has downgraded the global scale Long-term Issuer Credit Rating of Sinic Holdings (Group) Company Limited (2103.HK) (“Sinic” or “the company”) from ‘BB-’ to ‘CCC+’.

Lianhe Global has also downgraded the Issuance Credit Rating of the senior unsecured USD notes issued by Sinic from ‘BB-’ to ‘CCC+’. A full list of issuance ratings is included in this press release.

Lianhe Global continues to place the company’s issuer and issuance credit rating on Rating Watch Negative (RWN).

Key Rating Rationales

The Issuer Rating downgrade to ‘CCC+’ reflects Sinic’s imminent refinancing risk on its notes due on October 18, 2021, increasing constraints on its liquidity and financial flexibility, and the lack of corporate governance and transparency.

There is a high level of uncertainty on Sinic’s ability to refinance its maturing notes due on October 18, 2021, despite the reported RMB14.1 billion of unrestricted cash balance on a consolidated basis at end-June 2021. No news or announcements have been made on how funds will be made available offshore given the cash resides at the onshore companies level.

In addition, the company’s stock price and bond prices have deteriorated substantially which significantly narrowed the possibility of refinancing through any capital market fundraisings. Trading of the company’s stock has been suspended since September 20, 2021.

The RWN reflects the increasing risk of Sinic not being able to repay or refinance its maturing notes on October 18, 2021, or refinancing via distressed means such as exchange offer, which could lead to further downward notching to the company’s ratings.

Rating Sensitivities

We would consider downgrading Sinic’s rating if it were not able to repay or refinance its notes due on October 18, 2021, or it were to implement any distressed means of refinancing, 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.

Full List of Issuance Ratings

- USD250 million 8.50% senior unsecured notes due 2022 downgraded from 'BB-' to 'CCC+'

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.

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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