

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer and Issuance Credit Rating of CIFI Holdings (Group) Co. Ltd.; Issuer Rating Outlook Stable

HONG KONG, 19 October 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of CIFI Holdings (Group) Co. Ltd. (884.HK) (“CIFI” or “the company”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured notes issued by CIFI at the same time. A full list of affirmed issuance ratings is included in this press release.

Key Rating Rationales

The Issuer Rating reflects CIFI’s established market position and stable contracted sales prospect for 2021 amid a challenging market, sizeable land bank available for business growth of the coming three years, and cash collection capability that helps secure organic funding of capital expenditure. CIFI’s rating constraints include high financial leverage and high percentage of contracted sales from joint venture (“JV”) contributions which lower its financial transparency.

The Stable Outlook reflects our expectation that CIFI will maintain stable profitability metrics, sustain its operating efficiency, and replenish its land bank in a measured manner while managing its financial leverage.

Rating Sensitivities

We would consider downgrading CIFI’s rating if it were to (1) aggressively replenish its land bank which would result in an increase in its financial leverage as measured by debt/capitalization to over 65% or a decrease in its EBITDA interest coverage to below 3.5x 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 CIFI’s rating if it were to (1) considerably increase its operating scale, and/or (2) maintain its financial leverage as measured by a debt/capitalization at below 50%, and an EBITDA interest coverage ratio at above 5.0x, consistently.

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

Full List of Issuance Ratings

- USD350 million 5.25% senior unsecured notes due 2026 affirmed at 'BBB-'
- USD350 million 4.45% senior unsecured notes due 2026 affirmed at 'BBB-'
- USD419 million 4.375% senior unsecured notes due 2027 affirmed at 'BBB-'
- USD150 million 4.80% senior unsecured notes due 2028 affirmed at 'BBB-'

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 CIFI'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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