

Lianhe Global has affirmed ‘BB-’ global scale Long-term Issuer and Issuance Credit Rating of Dexin China Holdings Company Limited; Issuer Rating Outlook Stable

HONG KONG, 29 December 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BB-’ global scale Long-term Issuer Credit Rating of Dexin China Holdings Company Limited (2019.HK) (“Dexin China” or “the company”). The Outlook is Stable.

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

Key Rating Rationales

The Issuer Rating reflects our assessment of Dexin China’s established regional market position, quality projects and land bank, as well as improving operating scale and access to bank borrowings. The rating also considers Dexin China’s expansion into other populous regions. The company’s contracted sales has been under pressure since 3Q2021 due to property market demand turning weak in China. Sales performance, together with its high exposure to joint ventures and liquidity challenges, would constraint Dexin China’s rating.

The Stable Outlook reflects our expectation that Dexin China will maintain its market position in its home base Zhejiang Province with a mindful expansion pace. At the same time, we expect the company to maintain its relatively stable sell-through rate and cash collection rate amid challenging market conditions.

Rating Sensitivities

We would consider downgrading Dexin China’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 deteriorate such that its contracted sales and/or revenue experience a material decline or liquidity profile is worsened.

We would consider upgrading Dexin China’s rating if it were to (1) considerably increase its operating scale, and (2) maintain its financial leverage as measured by debt/capitalization at below 60% or EBITDA interest coverage at above 4x consistently.

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

Full List of Issuance Rating

- USD350 million 9.95% senior unsecured notes due 2022 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 Dexin China'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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