

## **Lianhe Global has affirmed ‘B+’ global scale Long-term Issuer and Issuance Credit Ratings of Huijing Holdings Company Limited; Issuer Rating Outlook Revised to Stable**

HONG KONG, 13 May 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘B+’ global scale Long-term Issuer Credit Rating of Huijing Holdings Company Limited (9968.HK) (“Huijing”). The Outlook is revised to Stable from Positive.

Lianhe Global has also affirmed “B+” global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by Huijing at the same time. A full list of issuance ratings is included in this press release.

### **Key Rating Rationales**

The Issuer Rating reflects Huijing’s track record of above-average profitability, as well as the gradual geographical diversification of its land bank. However, Huijing’s rating is constrained by its small operating scale, limited number of projects, increasing financial leverage and tight liquidity. In addition, Huijing may face challenges to its contracted sales, liquidity and access to refinancing channels amid the challenging market conditions.

The Stable Outlook reflects our expectation that Huijing will carry out its planned urban renewal projects (URPs) and diversify its land bank in a measured manner, as well as maintain its above-average profitability.

### **Rating Sensitivities**

We would consider downgrading Huijing’s rating if (1) it were to aggressively expand and replenish its land bank, which would result 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 (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 Huijing’s rating if it were to (1) considerably expand its operating scale and successfully diversify into other regions, (2) maintain its financial leverage as measured by debt/capitalization at below 50% and EBITDA interest coverage at above 4.5x consistently, and (3) improve its liquidity position.

Any rating action on Huijing’s rating would result in a similar rating action on its USD notes.

### **Full List of Issuance Ratings**

- USD138 million 12.5% senior unsecured notes due 2022 affirmed at ‘B+’

## **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 Huijing's rating is Lianhe Global's Chinese Property Developer Rating Criteria published on 31 December 2021 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.

## **Contact Information**

Primary Analyst

Toni Ho

Director

(852) 3462 9578

[toni.ho@lhratingsglobal.com](mailto:toni.ho@lhratingsglobal.com)

Committee Chairperson

Alex Kung

Senior Director

(852) 3462 9577

[alex.kung@lhratingsglobal.com](mailto:alex.kung@lhratingsglobal.com)

Business Development Contact

Joyce Chi

Managing Director

(852) 3462 9569

[joyce.chi@lhratingsglobal.com](mailto:joyce.chi@lhratingsglobal.com)

## Disclaimer

Credit rating and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the company’s website: [www.lhratingsglobal.com](http://www.lhratingsglobal.com)

A credit rating is an opinion which addresses the creditworthiness of an entity or security. Credit ratings are not a recommendation to buy, sell, or hold any security. Credit ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Credit ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All credit ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a credit rating. All credit ratings are derived by a credit committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its credit rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information including, but not limited to, audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis. Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Credit ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the company.

Lianhe Global receives compensation from issuers, underwriters, obligors, or investors for conducting credit rating services. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

Credit ratings included in any rating report are solicited and disclosed to the rated entity (and its agents) prior to publishing. Credit rating and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through credit rating and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published credit rating and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Lianhe Global is a subsidiary of Lianhe Credit Information Service Co., Ltd. The credit committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the company’s independent credit ratings and research.

Copyright © Lianhe Ratings Global Limited 2022.