

Lianhe Global places Huijing Holdings Company Limited on Rating Watch Negative

HONG KONG, 22 July 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has placed ‘B+’ global scale Long-term Issuer Credit Rating of Huijing Holdings Company Limited (9968.HK) (“Huijing”) on Rating Watch Negative (RWN).

The RWN reflects the deterioration in Huijing’s access to financing channels and possible tightening of liquidity. Huijing’s stock price experienced a material decline on 22 July 2022, resulting in halted trading on the same day. Such a sharp decline in stock price would weaken Huijing’s refinancing capability through any capital market fundraisings.

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.

An upgrade is unlikely given the RWN on Huijing. We will resolve the RWN as soon as practicable.

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.

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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