

Lianhe Global places CIFI Holdings (Group) Co. Ltd. on Rating Watch Negative

HONG KONG, 28 September 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has placed the ‘BBB-’ global scale Long-term Issuer Credit Rating of CIFI Holdings (Group) Co. Ltd. (884.HK) (“CIFI” or “the company”) on Rating Watch Negative (RWN).

Lianhe Global has also placed the ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by CIFI on RWN.

The RWN reflects CIFI’s deteriorating access to financing channels and increasing refinancing pressure, which could lead to downgrade of the company’s ratings. CIFI’s stock price and bond prices experienced a precipitated decline since early 2022. We believe the recent significant drop in both stock and bond prices would undermine CIFI’s financial flexibility and refinancing capability through any capital market and debt fundraisings. We would remove the RWN when the company has demonstrated its capability to manage its maturing financial obligations in the near to medium terms.

Rating Sensitivities

We would consider downgrading CIFI’s rating if it were (1) not able to repay or refinance its upcoming maturing indebtedness, (2) to aggressively replenish its land bank which results 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 (3) 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 CIFI. We will resolve the RWN as soon as practicable.

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

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 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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