

Lianhe Global downgrades Huijing Holdings Company Limited’s global scale Long-term Issuer Credit Rating to ‘CCC+’ from ‘B+’; Issuer Rating Outlook Negative; Removes Rating Watch Negative

HONG KONG, 7 September 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has downgraded the global scale Long-term Issuer Credit Rating of Huijing Holdings Company Limited (9968.HK) (“Huijing” or “the company”) to ‘CCC+’ from ‘B+’. The Outlook is Negative.

Lianhe Global has removed the Rating Watch Negative on the company’s issuer credit rating.

Key Rating Rationales

The Issuer Rating downgrade to ‘CCC+’ from ‘B+’ reflects Huijing’s significantly deteriorating liquidity profile and heightened refinancing pressure. We believe Huijing’s financing flexibility is significantly reduced given the undermined cash inflow generated from the material decline in its contracted sales. We believe Huijing is facing a worsening liquidity profile given its weakened cash balance compared with its short-term debt obligations, which heightened refinancing pressure in the next 6-12 months. Also, Huijing’s sharp decline in stock price undermined its refinancing capability through any capital market fundraisings.

The Negative Outlook on Huijing’s rating reflects its deteriorating access to financing channels and heightened pressure on liquidity on the backdrop of its weakening contract sales performance and the increased uncertainty on its ability to raise new fundings. We would revise the Rating Outlook to Stable when there is a clearer sign on the recovery of Huijing’s operating performance, leverage level and liquidity position.

Rating Sensitivities

We would consider downgrading Huijing’s rating if (1) it were to fail to meet its near and medium term financial obligations when they become due, and/or (2) its operating performance were to deteriorate such that its contracted sales and/or revenue continue to experience a material decline or liquidity profile is worsened.

An upgrade is unlikely given the negative outlook on Huijing. However, if Huijing were able to demonstrate the ability to improve its operating performance, manage its financial obligations in the near to medium term and improve its liquidity position, we may consider revising the outlook to stable.

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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