

## **Lianhe Global has assigned ‘B+’ to Jingrui Holdings Limited’s Proposed USD Notes**

HONG KONG, 18 July 2019 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘B+’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD notes (“the USD notes”) to be issued by Jingrui Holdings Limited (“Jingrui”; ‘B+’/Stable).

Jingrui intends to use the net proceeds from the USD notes to refinance its existing indebtedness.

### **Key Rating Rationales**

The USD notes are rated at the same level as Jingrui’s global scale Long-term Issuer Credit Rating of ‘B+’ as they constitute Jingrui’s unsecured and senior obligations. Jingrui’s obligations for the USD notes shall at all times rank pari passu with all its other present and future unsecured and unsubordinated obligations.

The Issuer Rating reflects Jingrui’s operating track record and continuous expansion in higher-tier cities, especially in the Yangtze River Delta. However, Jingrui’s rating is constrained by its small operating scale, weak competitiveness on land acquisition and moderately high financial leverage and lower-than-peer gross margin.

The Stable Outlook reflects our expectation that Jingrui will replenish its land bank portfolio and expand its operating scale in tier 1 and 2 cities while managing its debt growth cautiously and improving its gross margin and credit profiles commensurate with the ‘B’ credit rating category.

### **Rating Sensitivities**

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

We would consider downgrading Jingrui’s rating if it were to aggressively replenish its land bank which results in an increase of its financial leverage as measured by an EBITDA interest coverage ratio to decrease to 1.0x or a debt/capitalization ratio to increase to 80%, or its operating performance experiences a deterioration that its contracted sales has a material decrease or gross margin drops to below 15%.

We would consider upgrading Jingrui’s rating if it were to expand its operating scale comparable to our rated peers in the BB category while decreasing its financial leverage as

measured by a debt/capitalization ratio at below 60% and improving its gross margin at over 30% consistently.

### **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 Jingrui'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](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.

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