



CCXAP affirms CIFI Holdings (Group) Co. Ltd. long-term credit rating at Ag+, with stable outlook

Hong Kong, 16 July 2019 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has affirmed the long-term credit rating of CIFI Holdings (Group) Co. Ltd. (“CIFI”) at Ag+. The rating outlook is stable.

Rating Rationale

The Ag+ rating of CIFI Holdings (Group) Co. Ltd. (“CIFI” or the “Company”) is underpinned by the Company’s (1) strong contracted sales execution and diversified sales portfolio; (2) sufficient quality land bank with a nationwide coverage; (3) sturdy revenue growth; and (4) good liquidity and funding capabilities. However, the rating is constrained by (1) the slowing down of China’s property market and the tightening of the financing environment; (2) the Company’s heightened debt level and weakened profitability; and (3) the Company’s high proportion of cooperation projects lowers financial transparency and increases execution risks.

Rating Outlook

The stable outlook on CIFI’s rating reflects its ability to maintain a good sales execution in its core markets in China as well as retain a stable gross profit margin at above 25% in the next 12 to 18 months. We also expect that the Company will maintain good financial management with appropriate liquidity and debt controls.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates a sustainable track record of contracted sales and improves its geographical diversification; (2) increases financial transparency with less reliance on joint ventures and associates to support its sales growth; or (3) improves its credit metrics including debt leverage.

What could downgrade the rating?

The rating could be downgraded if the Company’s (1) credit metrics are worse than anticipated; (2) aggressive land acquisition strategies lead to significant increase in debt; or (3) financial management position weakens, such as eroded liquidity profile and limited funding capabilities.

Rating Methodology

CCXAP’s public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means. The methodology used in this rating is Global Rating Methodology

for Real Estate Development Industry dated April 2019, available at www.ccxap.com (Rating Methodologies).

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