



CCXAP assigns first-time BB_g+ to Ronshine China Holdings Limited, with stable outlook

Hong Kong, 21 May 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BB_g+ to Ronshine China Holdings Limited (“Ronshine China” or the “Company”). The rating outlook is stable.

Rating Rationale

The BB_g+ rating of Ronshine China reflects the Company’s (1) competitive advantage in the Yangtze River Delta and West Coast of the Straits; (2) strong growth in contracted sales; (3) good quality land bank in high-tier cities; and (4) track record of deleveraging process.

However, the rating is also constrained by (1) the outbreak of COVID-19 which results in uncertainties in contracted sales; and (2) the Company’s profitability which was yet to be improved.

Rating Outlook

The stable outlook on Ronshine China’s rating reflects our expectation that the Company will maintain a leading market position supported by well-positioned land bank in the Yangtze River Delta and Fujian Province. We also expect that the Company can stabilize its leverage.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates a significant growth in contracted sales; (2) improves its net profit margin at 20% or above; and (3) lifts EBIT interest coverage to 3.0x or above on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) contracted sales weakens; (2) debt-driven land acquisitions accelerates; or (3) cash/short-term debt falls below 1.0x on a sustained basis.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Real Estate Development Industry (December 2019).

Contacts of Credit Ratings

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