



## **CCXAP affirms CIFI Holdings (Group) Co. Ltd.'s long-term credit rating at BBB<sub>g</sub>-, with stable outlook**

---

Hong Kong, 9 June 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of CIFI Holdings (Group) Co. Ltd. ("CIFI" or the "Company") at BBB<sub>g</sub>-. The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>- rating of CIFI Holdings (Group) Co. Ltd. ("CIFI" or the "Company") is underpinned by the Company's (1) strong contracted sales growth as supported by diversified sales portfolio in second- and selectively third-tier cities of China; (2) abundant and high-quality land reserves with nationwide coverage; and (3) sound liquidity profile.

However, the rating is also constrained by (1) the outbreak of COVID-19 which could undermine the Company's sales execution in 2020; (2) large exposure to cooperation projects; and (3) moderate debt leverage and weakened interest coverage capability.

### **Rating Outlook**

The stable outlook on CIFI's rating reflects our expectation that the Company could maintain good sales execution in the next 12 to 18 months. We also expect that the Company will sustain a disciplined financial management with appropriate liquidity and debt control.

### **What could upgrade the rating?**

The rating could be upgraded if (1) the Company's contracted sales significantly increases with higher percentage of shareholdings in projects; (2) its land bank scale and geographic diversification improves without material increase in debt; and (3) its net gearing ratio drops to below 50% or EBIT interest coverage elevates to above 3.0x on a sustained basis.

### **What could downgrade the rating?**

The rating could be downgraded if (1) the Company's contracted sales slumps; (2) its net gearing ratio rises to above 100% or EBIT interest coverage falls below 1.5x on a sustained basis; or (3) its liquidity buffer deteriorates and financing capacity debilitates.

## **Rating Methodology**

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

## **Contacts of Credit Ratings**

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Vincent Tong

Credit Analyst -- Credit Ratings

[vincent\\_tong@ccxap.com](mailto:vincent_tong@ccxap.com)

Guo Zhang

Director -- Credit Ratings

[guo\\_zhang@ccxap.com](mailto:guo_zhang@ccxap.com)

Tel: +852-2860 7111

**Disclaimer**

Credit ratings assigned by China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) are based on CCXAP’s rating principles of independence, fairness and objectivity. A credit rating reveals and ranks specific risks, but it does not cover all risks embedded in the rated entity or the rated debt issue.

Credit ratings are not recommendations for investors to buy, sell or hold debt securities, nor measurements of market value of the rated entities or the rated debt issues. While CCXAP has obtained information from sources it believes to be reliable, CCXAP does not perform an audit and undertakes no duty of due diligence or independent verification of information it receives from the rated entity.

CCXAP’s public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results) and may be distributed through media and other means.

All information published in this document belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained in this document reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee the accuracy, adequacy, completeness or timeliness of any information included in this document. None of the information may be used, including without limitation reproducing, amending, sending, distributing, transferring, lending, translating, or adapting the information, for subsequent use without CCXAP's prior written permission.

CCXAP is not liable for any in whole or part caused by, resulting from or relating to any error (neglect or otherwise) or other circumstance or contingency within or outside the control of CCXAP's or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, interpretation, analysis, editing, transcription, publication, communication or delivery of any such information, or any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation lost profits), even if CCXAP, or representatives thereof, are advised of the possibility of such damage, losses or expenses.

**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 805-808, Jardine House, 1 Connaught Place, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656