

CCXAP affirms Fantasia Holdings Group Co., Limited's BB_g- long-term credit rating, with stable outlook

Hong Kong, 9 July 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed BB_g- long-term credit rating of Fantasia Holdings Group Co., Limited ("Fantasia" or the "Company"), with stable outlook.

Corporate Profile

Fantasia (Stock code: 1777.HK) was incorporated in 1998 and has been listed in Hong Kong Stock Exchange since 2009. Headquartered in Shenzhen, the Company is mainly engaged in the property development and management services. Fantasia had a land bank of approximately 11.5 million sqm in gross floor areas ("GFA") at end-2020, with about 65% of its land bank deriving from the Chengdu-Chongqing Metropolitan Area and the Yangtze River Delta Metropolitan Area. As of 31 December 2020, Ms. Zeng Jie Baby, the founder and ultimate controlling shareholder of the Company, held 57.43% of the Company's share interest through Ice Apex Limited.

Rating Rationale

The BB_g- rating of Fantasia is underpinned by the Company's (1) robust contracted sales growth underpinned by its track record in its core markets; (2) diversified income from property management business; and (3) adequate liquidity position. However, the rating is constrained by the Company's (1) relatively small operating scale; (2) geographical concentration of land bank; (3) moderate debt leverage and weak interest coverage; and (4) large exposure to joint venture projects.

Rating Outlook

The stable outlook on Fantasia's rating reflects our expectation that the Company will maintain stable financial metrics in the next 12-18 months, as supported by its contracted sales growth and sufficient liquidity.

What could upgrade the rating?

The rating could be upgraded if the Company (1) achieves substantial growth in contracted sales and sustains steady profitability; and (2) has more balanced regional distribution and increased business diversification; and (3) improves credit metrics such as net profit margin to rise above 10% and net gearing ratio to fall below 50%, on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) contracted sales or revenue materially declines; (2) aggressive land acquisitions lead to substantial increase in debt leverage; (3) credit metrics deteriorates such that net gearing ratio to rise above 100% or EBIT interest coverage ratio to fall below 1.0x; or (4) liquidity profile deteriorates.



Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

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