



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

Hong Kong, 5 June 2018 -- 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 from core markets across mainland China; (2) sufficient and quality land bank with improving geographic diversification; (3) improved revenue growth and stable gross profit margin; (4) good funding capability with diversified channels; and (5) strong liquidity management. However, the rating is also constrained by (1) China’s property market slowdown and tightening funding environment; (2) the Company’s heightened debt level as a result of accelerated land bank acquisitions; and (3) the Company’s increasing reliance on joint-venture property development projects to contribute to its sale growth.

Rating Outlook

The stable outlook on CIFI’s rating reflects its strong sales growth on property development and investment in compliance with its business strategy focusing on Yangtze River Delta Region. We believe that the Company will maintain its competitive strength as one of the leading property developers in China.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates a track record of sustainable contracted sales and improves geographical diversification; (2) decreases its reliance on growing contracted sales from joint venture and associate companies; and (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 worsens than anticipated; (2) aggressive land acquisitions leading to significant increase in debt; and (3) liquidity position severely weakens.

Rating Methodology

CCXAP's public ratings are available at www.ccxap.com (Rating Results>Ratings Surveillance) 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 May 2017, available at www.ccxap.com (Rating Process -> Rating Methodology).

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.

Elle Hu

General Manager -- Credit Ratings

elle_hu@ccxap.com

Guo Zhang

Director -- Credit Ratings

guo_zhang@ccxap.com

Tel: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

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

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656