



## **CCXAP assigns first-time BB<sub>g</sub> to Yango Group Co., Ltd., with stable outlook**

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Hong Kong, 7 January 2020 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BB<sub>g</sub> to Yango Group Co., Ltd. (“Yango” or the “Company”). The rating outlook is stable.

### **Rating Rationale**

The BB<sub>g</sub> rating of Yango Group Co., Ltd. is underpinned by the Company’s (1) fast-growing scale of contracted sales and improving market position; (2) sufficient land bank to support its property development business; and (3) increase in revenue. However, the rating is constrained by (1) the slowdown in China’s property sales growth and tightening of regulatory environment; (2) the Company’s weak profitability; and (3) its high debt leverage and weak credit metrics.

### **Rating Outlook**

The stable outlook on Yango rating reflects our expectation that the Company would continue to maintain its strong market position and contracted sales growth in the next 12 to 18 months. We expect that a more disciplined land acquisition strategy, coupled with increase in revenue, will help improve the financial profile of the Company.

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

The rating could be upgraded if the Company (1) demonstrates sustainable growth in contracted sales with a prudent investment strategy; (2) enhances its profitability consistently; or (3) improves its debt leverage as well as EBIT interest coverage.

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

The rating could be downgraded if the Company (1) shifts its land replenishment to a more aggressive approach; (2) increases its non-bank loans exposure; or (3) demonstrates a weaker-than-expected financial profile.

## **Rating Methodology**

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. Methodology used in this rating is the Global Rating Methodology for Real Estate Development Industry dated December 2019, available at [www.ccxap.com](http://www.ccxap.com) (Rating Methodologies).

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