



## **CCXAP affirms Seazen Holdings Co., Ltd. long-term credit rating at BBB<sub>g</sub>-, with stable outlook**

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Hong Kong, 22 May 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating and senior unsecured debt rating of Seazen Holdings Co., Ltd. (“Seazen” or the “Company”) at BBB<sub>g</sub>-. The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>- rating of Seazen Holdings Co., Ltd. reflects the Company’s (1) leading market position in its penetrated Yangtze River Delta region; (2) sufficient and diversified land bank; (3) improved debt leverage; and (4) gradual recovery in financing capability after the incident of detention of its controlling shareholder (the “incident”).

However, the rating is also constrained by the Company’s (1) compression in contracted sales given COVID-19 outbreak; and (2) weaker profitability and credit metrics.

### **Rating Outlook**

The stable outlook on Seazen’s rating reflects that the Company will retain sufficient and diversified land bank to support its contracted sales. We expect that the Company could maintain its leverage at a reasonable level with disciplined financial management, while its active liquidity management could partially mitigate the risk associated from the incident.

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

The rating could be upgraded if the Company’s (1) contracted sales demonstrate a significant growth; (2) net profit margin improves to 20% or above on a sustained basis; and (3) net gearing ratio retains at 50% or below on a sustained basis.

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

The rating could be downgraded if the Company’s (1) contracted sales slump with significant drop in market shares; (2) net profit margin further drops to 15% or below; or (3) liquidity buffer deteriorates, which the cash to short-term debt ratio falls to 1.0x or below or funding channels are seriously restricted.

## **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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