



CCXAP affirms Yango Group Co., Ltd.'s long-term credit rating at BB_g, with stable outlook

Hong Kong, 29 December 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Yango Group Co., Ltd. ("Yango" or the "Company") at BB_g. The rating outlook is stable.

Rating Rationale

The BB_g rating of Yango reflects the Company's (1) large contracted sales with strong market position and sales execution; (2) disciplined land acquisitions with diversified land bank; and (3) good liquidity position and funding capability, which is further strengthened by the support of its second-largest shareholder, Taikang Insurance Group Inc. ("Taikang Insurance").

However, the rating is also constrained by the Company's (1) large exposure to joint-venture partnership; (2) weak profitability and EBIT interest coverage; and (3) high debt leverage.

Rating Outlook

The stable outlook on Yango's rating reflects our expectation that the Company will continue to benefit from its strong market position, and its debt leverage will be improved by proactive debt management. We also expect that Taikang Insurance's investment will enhance Yango's funding capability and provide additional liquidity buffer.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates a significant contracted sales growth with satisfactory cash collection; (2) increases its profitability, such as net profit margin above 10% on a sustained basis; and (3) improves its credit metrics, such as net gearing ratio below 100% and EBIT interest coverage above 1.5x.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) operating scale shrinks with weakened cash collection; (2) debt leverage boosts alongside the resumption of aggressive land acquisitions; or (3) liquidity profile deteriorates and funding capability weakens.

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:

http://www.ccxap.com/en/rating_services/category/6/

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The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

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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.

Jacky Lau

Credit Analyst – Credit Ratings

jacky_lau@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 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656