



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

Hong Kong, 30 December 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Colour Life Services Group Co., Ltd. ("Colour Life" or the "Company") at BB_g-. The rating outlook is stable.

Rating Rationale

The BB_g- long-term credit rating of Colour Life reflects the Company's (1) strong market position as a leading property management services provider in China; (2) sound market competitiveness with good ability in cost control; and (3) ongoing deleveraging with improved interest coverage.

However, the rating is also constrained by its (1) small revenue scale and decreasing profitability; and (2) tightened liquidity with higher refinancing needs.

Rating Outlook

The stable outlook on Colour Life's rating reflects that the Company will continue to effectively control its investment pace with ongoing deleveraging progress. We also expect the Company to take sufficient management over its liquidity in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates a stronger market position and sustainable growth in property management fees; (2) improves its business scale and profitability; and (3) lowers its debt leverage and improves its credit metrics, such as capitalization ratio to below 20%, on a sustainable basis.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) brand reputation is damaged or demand is faltering; (2) revenue declines and profitability impairs; or (3) refinancing and liquidity risks significantly increase.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Business and Customer Service Companies \(December 2019\)](#).

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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