

CCXAP affirms Ronshine China Holdings Limited's BB_g+ long-term credit rating, with stable outlook

Hong Kong, 17 June 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed BB_g+ long-term credit rating of Ronshine China Holdings Limited ("Ronshine" or the "Company"), with stable outlook. At the same time, CCXAP has affirmed Ronshine's BB_g+ senior unsecured debt rating.

Corporate Profile

Ronshine China was incorporated in the Cayman Islands in 2014 and listed on the Hong Kong Stock Exchange (Stock Code: 3301.HK) in January 2016. Headquartered in Shanghai, Ronshine China started its property development business in Fujian Province in 2003 and gradually expanded into the Yangtze River Delta in 2013. By the end of 2020, the Company had a geographic coverage of 52 cities in China. As of 31 December 2020, Mr. Ou Zonghong, the Company's founder and controlling shareholder, held 66.69% of the Company's shares through a trust structure.

Rating Rationale

The BB_g+ rating of Ronshine China is underpinned by (1) good track record of steady sales growth in the Yangtze River Delta and the Western Taiwan Straits; (2) good-quality land bank located in higher-tier cities; and (3) adequate liquidity with different financing channels. However, the rating is constrained by the Company's (1) large exposure to joint-venture partnership, which reduces the transparency of its financial metrics; and (2) weakened profitability and interest coverage, which remains under pressure over the next 6 to 12 months.

Rating Outlook

The stable outlook on Ronshine China's rating reflects our expectation that the Company will maintain a strong market position in the Yangtze River Delta and the Western Taiwan Straits. We also expect the Company's profit margin to bottom out and its credit metrics to gradually recover over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if the Company (1) establishes a track record of sustainable growth in contracted sales; or (2) improves its credit metrics, such as EBIT interest coverage ratio rises to above 1.5x and net profit margin increases to above 10.0%, on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) contracted sales slumps and profitability shrinks; (2) credit metrics deteriorate, such as contracted sales to total debt falls below 2.0x and net gearing ratio hits above 100%; and (3) liquidity weakens significantly.



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/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

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.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.

Vincent Tong

Senior Analyst

+852-2860 7125

vincent_tong@ccxap.com

Elle Hu

Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2021 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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