

CCXAP places CIFI Holdings (Group) Co. Ltd.'s rating on Watch Negative

Hong Kong, 29 September 2022 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has placed the BBB_g- long-term credit rating of CIFI Holdings (Group) Co. Ltd. (“CIFI” or the “Company”) on Watch Negative.

Corporate Profile

CIFI (Stock Code: 0884.HK) is one of the leading integrated property developers in China. The Company was listed on the main board of the Hong Kong Stock Exchange in November 2012. The Company has a strong presence in China’s major city clusters including the Yangtze River Delta, Pan-Bohai Rim, Central & Western China, and Southern China.

Rating Rationale

The Rating Watch Negative reflects CIFI’s sluggish contracted sales and deteriorated liquidity position, which could lead to a potential downgrade of the Company’s rating.

We expect that CIFI’s operating performance will remain weak amid the challenging operating environment of China’s property market, as its contracted sales significantly decreased by 47% to RMB94.3 billion during the first eight months of 2022 compared with the same period in 2021. CIFI’s cash to short-term debt dropped to 1.6x as at 30 June 2022, from 2.6x at end-2021. Given the Company’s deteriorated access to external financing during the recent capital market volatility with weak investor confidence, we expect the Company will repay some of the maturing debt using its internal cash source.

What could upgrade the rating?

Rating upgrade is less likely given the Rating Watch Negative. The rating outlook could be revised to stable if the Company materially improves its liquidity buffer while demonstrating a better sales performance.

What could downgrade the rating?

The rating could be downgraded if the Company’s liquidity and refinancing ability further deteriorate.

Regulatory 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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