

[For Immediate Release]



## S&P keeps CIFI's "BB" rating and stable outlook

(17 December 2021 – Hong Kong) **CIFI Holdings (Group) Co. Ltd.** ("CIFI" or the "Group", HKEx stock code: 884), a leading real estate developer and investor in first-, second- and robust third-tier cities in China, is pleased that S&P Global Ratings ("S&P") has issued a report to maintain CIFI's "BB" long-term issuer credit rating with a stable outlook.

S&P's report points out that CIFI's established market position and good brand recognition in relatively stronger high tier-cities help weather the weak market sentiment. Besides, CIFI has substantial cash balance, diversified funding access, and manageable maturity profile which support liquidity amid market turmoil.

The report mentions that stable outlook reflects S&P's expectation on CIFI's continuous expanding its sales scale at a moderate pace with controlled debt growth. S&P estimates the company's consolidated debt-to-EBITDA ratio will be lower at 5.5x-6.0x, with the look-through debt-to-EBITDA ratio at about 5.0x over the next 12-18 months.

The report also points out that there will be 12%-14% sales growth for 2021, largely supported by sufficient saleable resources worth RMB260 billion in the second half of 2021, as well as CIFI's dominant presence in high-tier cities. These cities typically have stronger housing demand with population inflow and better local economies. S&P expects CIFI to maintain its focus on higher-tier cities, which should help the company beat industry average growth in terms of contracted sales growth over the next two years.

S&P expects CIFI's liquidity profile will remain intact despite ongoing market turmoil. CIFI had a cash balance of RMB52.3 billion at the end of June 2021 which is sufficient to cover its near-term debt maturities by over two times. CIFI also managed its debt profile to limit short-term borrowings, which made up only 18% of reported debt. CIFI has well-diversified funding sources, with zero exposure to trust loans or any other alternative financing channel. Despite the recent turmoil in offshore capital markets for the property sector, CIFI's notes are less affected than those issued by similarly rated peers. CIFI has recently repurchased about US\$75 million of its January 2022 notes and has also proposed to raise HK\$1.7 billion from a rights issue to its current shareholders, with proceeds earmarked for business development. The controlling shareholders committed to subscribe for their full allotments, demonstrating commitment from the company's founder to maintain sufficient liquidity.

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CIFI was still able to access the onshore bond market with the issuance of RMB1.9 billion in September 2021, indicating perceived market confidence in the company's repayment capability. By issuing green bonds with relatively lower coupon rates and longer tenors, the weighted average financing cost of CIFI narrowed further by 30 basis points to 5.1% for the first half of 2021.

S&P mentions that CIFI has increasingly adopted the JV model while expanding into high-tier cities with expensive land prices. CIFI asks its JV partners to maintain at least three to six months of operational liquidity and most of its JV partners are reputable mid- to large-scale developers who should have better financial strength to weather an upcoming sales decline. CIFI can mitigate the risk of limited control of the developer over the project cash flow.

Mr. Lin Zhong, Chairman of CIFI, said "We welcome S&P to keep our rating which is the capital market's recognition of CIFI's achievements against the backdrop of the industry's recent volatility. CIFI is now working steadily to meet the requirements stipulated by the 'Three Red Lines' set by the authorities by flexibly deploying its capital to proactively repurchase its short-term debts and strengthening its relationships with major offshore and onshore banks. We strive to enhance our capability to withstand the risks of both the industry and the economic cycle. All these efforts can ensure the Group's healthy financial position and sustainable business development in the long term."

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**About CIFI (Group):**

Headquartered in Shanghai, CIFI is one of China's top real estate developers. CIFI principally focuses on developing high-quality properties in first-, second- and select third-tier cities in China. CIFI develops various types of properties, including residential buildings, offices and commercial complexes.

To learn more about the Company, please visit CIFI's website at: <http://www.cifi.com.cn>

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