

Golden Wheel Tiandi Holdings Company Limited

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	B	Stable	Review - No Action 10 October 2017
Click here for full list of ratings			

Financial Summary

(CNYm)	Dec 2015	Dec 2016	Dec 2017F	Dec 2018F
Gross Revenue	230	941	2,276	1,987
Operating EBITDA Margin (%)	-4.0	27.8	28.2	27.0
Net Debt/Adjusted Inventory (%)	26.8	28.7	35.8	37.5
Contracted Sales Value	923	2,359	1,158	1,719
Recurring Gross Profit/Cash Interest (x)	0.6	0.5	0.5	0.6
Source: Fitch				

Fitch Ratings affirmed China-based homebuilder Golden Wheel Tiandi Holdings Company Limited's (GWTH) Long-Term Foreign- and Local-Currency Issuer Default Ratings at 'B' in April 2017. The Outlook is Stable. GWTH's senior unsecured rating was also affirmed at 'B', with a Recovery Rating of 'RR4'.

The rating affirmation was premised on GWTH's good quality metro-linked property development portfolio, moderate leverage compared with its 'B'-rated peers and healthy margins. Its small scale and rising leverage mainly due to increasing demand for land replenishment and rising development property exposure continue to constrain its ratings.

Key Rating Drivers

Niche Positioning: GWTH is focused on developing small commercial and residential projects linked to metro stations. The company had six projects under development as of end-March 2017, including a 33%-owned project in Nanjing. Its projects usually fetch higher average selling prices because of their convenient locations and better foot traffic for the commercial-property components. Potential competition from large national developers for metro-linked projects may squeeze GWTH's margin over the longer term, although volume-driven developers are less likely to participate in small niche projects.

Leverage to Rise: Fitch expects GWTH's leverage, as measured by net debt/adjusted inventory, to trend towards 40% in the next one to three years, due to faster land acquisitions. The company did not acquire any land between February 2014 and October 2016, resulting in land bank life dropping to around three years at end-2016, from 11 years at end-2015. GWTH is starting a new phase of expansion and Fitch estimates it will pay at least CNY1.2 billion for land in 2017, which will drive up leverage to above 35% in 2017. GWTH's leverage rose to 29% at end-2016, from 27% at end-2015, mainly due to high construction expenditure during the year.

Margin Recovery: Fitch expects GWTH's margin to stay at around 25% in the medium term, supported by existing integrated projects connected to metro stations, which have gross margins of around 40%, especially those in Nanjing. The company's margin recovered to 28% in 2016, from -4% in 2015, with the completion and delivery of three projects during the year. GWTH may face margin pressure from 2019 as well-located metro-linked land sites are usually expensive.

Rising Recurring Income: Fitch expects GWTH's investment property and metro-leasing divisions to expand steadily over the medium term, with new investment properties coming into operation each year, and the business of leasing out spaces in metro stations contributing profit. These divisions will provide recurring income for interest servicing, which will mitigate cash flow volatility in the property development business.

GWTH had completed investment property with total gross floor area of around 135,000 square metres as of end-2016. Most of its investment properties enjoy prime locations with convenient transportation access, translating into a high average occupancy rate of around 90% in the past five years and stable annual recurring income of around CNY100 million.

Metro Leasing Turned Profitable: The metro-leasing division's gross profit margin rose to 14% in 2016 (2015: -19%; 2014: 27%; 2013: 44%), beating Fitch's expectation of breakeven. We think the company's metro leasing business will expand more slowly than the company's initial plan to open four to five metro malls annually, given limited supply of metro stations that are suitable for malls and the slower-than-expected construction of the metro stations where the company has secured leases to operate malls. However, profitability will improve as the existing malls mature and are able to achieve occupancy rates of above 90% after two years of operations.

Rating Derivation Relative to Peers

Rating Derivation versus Peers	
Peer Comparison	GWTH's contracted sales of CNY2.3 billion in 2016 were lower than those of most of its 'B' rated peers, such as Xinyuan Real Estate Co., Ltd. (B/Stable), which generate around CNY10 billion in contracted sales annually. GWTH's land bank of 0.4 million square metres for development and sale as of end-2016 is also smaller than that of peers. However, GWTH's low leverage, healthy margin and substantial interest coverage from recurring income supports its ratings at 'B'.
Parent/Subsidiary Linkage	No parent/subsidiary linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	China's residential property sector is volatile and cyclical. Rising household income and urbanisation drive long-term housing demand. Policy risk is one of the most important factors causing short-term volatility. The government's home-purchase restrictions continue to limit developers' flexibility.
Other Factors	China's property developers rely on presales to repay development financing. Liquidity is, therefore, a key consideration for property developers' financial strength. Fitch's approach to rating Chinese property developers takes into account the scale of operations, asset quality, geographical and product diversification, profit margin, land acquisition strategy, liquidity and access to funding channels, as well as financial leverage. The size and quality of EBITDA from investment properties is a key differentiating factor between investment-grade and speculative-grade categories

Source: Fitch

Rating Sensitivities

Developments that May, Individually or Collectively, Lead to Negative Rating Action include:

- Net debt/ adjusted inventory rising above 40% on a sustained basis (end-2016: 28.7%; end-2015: 26.8%)
- Deviation from the current focus on metro-linked projects
- EBITDA margin falling below 25% on a sustained basis (2016: 27.8%; 2015: -4%)

No positive rating action is expected over the next 12-18 months given the company's current small scale. However, in the longer term, positive rating action may result from:

- Investment properties' value exceeding CNY5 billion (2016: CNY5 billion; 2015: CNY4.6 billion) and annual development property sales sustained above CNY3 billion (2016: CNY2.3 billion; 2015: CNY923 million); and
- Recurring gross profit/interest coverage rising over 1.0x on a sustained basis (2016: 0.5x; 2015: 0.6x).

Liquidity and Debt Structure

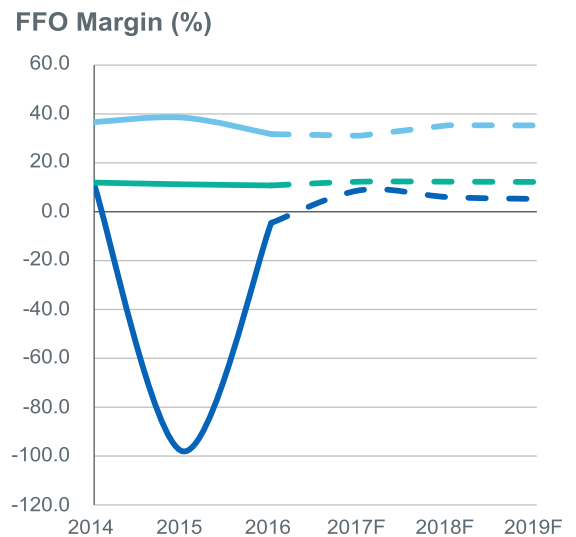
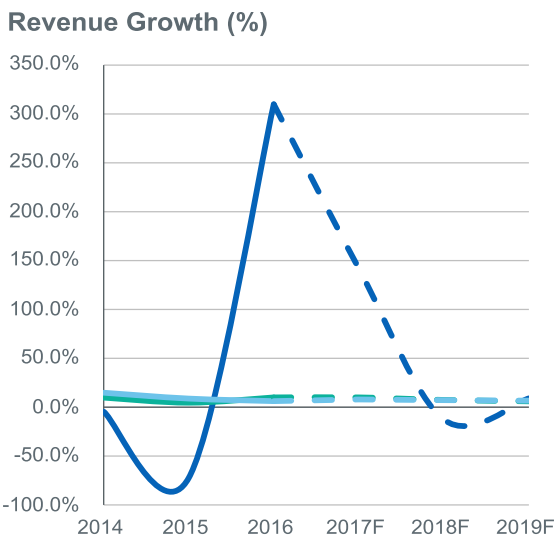
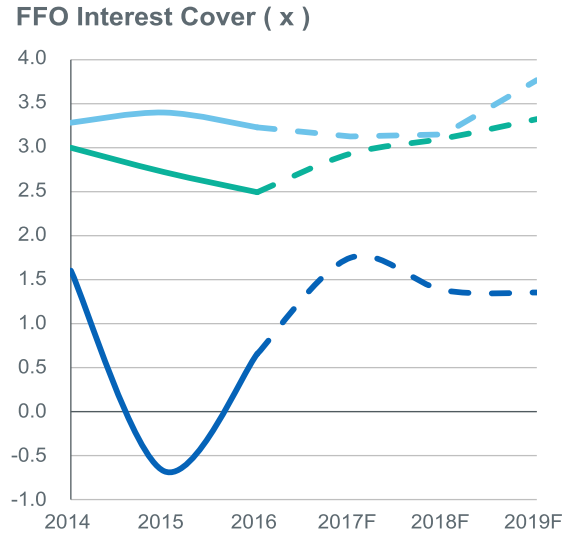
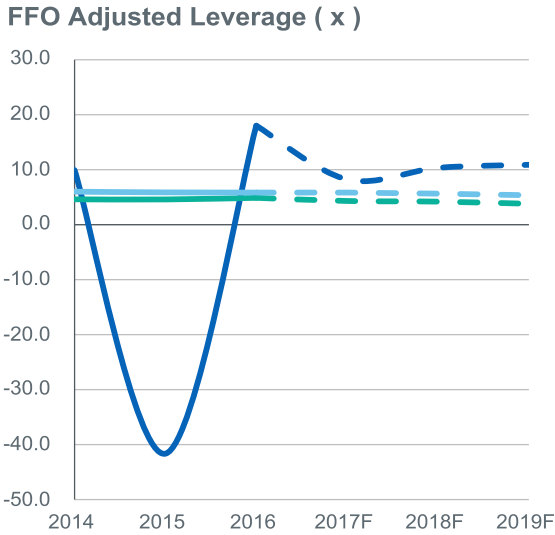
Adequate Liquidity: GWTH had CNY1.8 billion in cash on hand, including restricted cash, as of end-2016, and unused bank facilities of CNY1.2 billion, which are adequate to cover its short-term debt of CNY1.8 billion.

Debt Maturities and Liquidity at FYE16

Debt Maturities	(CNYm)
2017	1,802
2018	248
After 2018	808
Total debt	2,858
Liquidity Analysis	(CNYm)
Unrestricted cash	1,092
Committed banking facilities	
Available undrawn portion	1,201
Total Liquidity	2,293
Fitch Forecasted 2017 FCF (post dividend)	-877
Short-term debt	748
Liquidity score [x]	1.4
Source: Fitch	

Trends and Forecasts

Golden Wheel Tiandi Holdings Company Limited — Emerging B Cat Median — Property/Real Estate Median



Note: Including Fitch expectations
Source: Fitch

Definitions

FFO Adjusted Leverage: Total Adjusted Debt with Equity Credit divided by Funds From Operations [FFO] + Gross Interest (Paid) - Interest Received + Preferred Dividends (Paid) + Operating Lease Expense for Capitalised Leased Assets.
 FFO Interest Cover: FFO + Gross Interest paid minus interest received + Preferred Dividends paid divided by Gross Interest Paid + Preferred Dividends Paid.
 Revenue Growth: Percentage growth in revenues since previous reporting period.
 FFO Margin: FFO divided by Revenues.

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- Annual contracted sales (excluding JVs and associates) of around CNY1 billion-2 billion during 2017-2019;
- Construction expenditure accounts for 50% of contracted sales in 2017, and around 20% in 2018-2019;
- Land replenishment ratio, measured by gross floor area acquired to gross floor area presold in the same year, at 1.0x-1.7x during 2017-2019;
- Cash collection ratio at 85% during 2017-2019

Financial Data

(CNYm)	Historical			Forecast		
	Dec 2014	Dec 2015	Dec 2016	Dec 2017F	Dec 2018F	Dec 2019F
SUMMARY INCOME STATEMENT						
Gross Revenue	831	230	941	2,276	1,987	2,165
Revenue Growth (%)	-4.6	-72.4	309.9	141.9	-12.7	9.0
Operating EBITDA (Before Income From Associates)	249	-9	261	641	537	577
Operating EBITDA Margin (%)	30.0	-4.0	27.8	28.2	27.0	26.7
Operating EBITDAR	259	20	292	641	537	577
Operating EBITDAR Margin (%)	31.2	8.8	31.0	28.2	27.0	26.7
Operating EBIT	241	-20	253	632	528	567
Operating EBIT Margin (%)	29.0	-8.6	26.9	27.8	26.6	26.2
Gross Interest Expense	-181	-182	-261	-240	-259	-263
Pretax Income (Including Associate Income/Loss)	417	76	452	638	510	657
SUMMARY BALANCE SHEET						
Readily Available Cash and Equivalents	748	1,270	1,092	706	753	648
Total Debt With Equity Credit	2,102	3,027	2,858	3,446	3,697	3,884
Total Adjusted Debt with Equity Credit	2,183	3,027	2,858	3,446	3,697	3,884
Net Debt	1,354	1,757	1,766	2,740	2,944	3,236
SUMMARY CASH FLOW STATEMENT						
Operating EBITDA	249	-9	261	641	537	577
Cash Interest Paid	-131	-151	-196	-240	-259	-263
Cash Tax	-56	-67	-75	-222	-180	-221
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0	0
Other Items Before FFO	17	-25	-57	0	0	0
Funds Flow From Operations	93	-225	-43	199	119	113
Change in Working Capital	-903	-25	1,065	-911	-178	-260
Cash Flow From Operations (Fitch Defined)	-810	-250	1,022	-712	-59	-147
Total Non-Operating/Non-Recurring Cash Flow	0	0	0			
Capital Expenditure	-25	-63	-157			
Capital Intensity (Capex/Revenue)	3.0	27.4	16.7			
Common Dividends	-64	-35	-25			

Net Acquisitions and Divestitures	147	2	0			
Other Investing and Financing Cash Flow Items	-50	-33	-521	504	0	0
Net Debt Proceeds	262	922	-322	587	252	186
Net Equity Proceeds	0	0	0	0	0	0
Total Change in Cash	-540	544	-3	-387	48	-106
DETAIL CASH FLOW STATEMENT						
FFO Margin (%)	11.2	-98.1	-4.6	8.8	6.0	5.2
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions and Other Items Before FCF	59	-96	-182	-766	-145	-145
Free Cash Flow After Acquisitions and Divestitures	-752	-346	840	-1,477	-204	-292
Free Cash Flow Margin (After Net Acquisitions) (%)	-90.4	-150.7	89.3	-64.9	-10.3	-13.5
COVERAGE RATIOS						
FFO Interest Coverage (x)	1.6	-0.7	0.7	1.7	1.4	1.4
FFO Fixed Charge Coverage (x)	1.6	-0.4	0.7	1.7	1.4	1.4
Operating EBITDAR/Interest Paid + Rents (x)	1.8	0.1	1.3	2.7	2.1	2.2
Operating EBITDA/Interest Paid (x)	1.9	-0.1	1.3	2.7	2.1	2.2
LEVERAGES RATIOS						
Total Adjusted Debt/Operating EBITDAR (x)	8.4	150.4	9.8	5.4	6.9	6.7
Total Adjusted Net Debt/Operating EBITDAR (x)	5.5	87.3	6.1	4.3	5.5	5.6
Total Debt with Equity Credit/Operating EBITDA (x)	8.4	-329.3	10.9	5.4	6.9	6.7
FFO Adjusted Leverage (x)	9.9	-41.7	18.0	8.2	10.3	10.9
FFO Adjusted Net Leverage (x)	6.5	-24.2	11.1	6.5	8.2	9.1
Source: Company; Fitch						

How to Interpret the Forecast Presented

The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

Golden Wheel Tiandi Holdings Company Limited

Corporates Ratings Navigator Chinese Homebuilders

Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Business Profile				Financial Profile			Issuer Default Rating
				Customer Recognition	Scale	Operational Depth	Sales Efficiency	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+	█										BBB+
bbb	█										BBB
bbb-	█										BBB-
bb+	█	█	█								BB+
bb	█	█	█								BB
bb-	█	█	█	█				█	█		BB-
b+	█	█	█	█				█	█	█	B+
b	█	█	█	█	█			█	█	█	B Stable
b-	█	█	█	█	█			█	█	█	B-
ccc											CCC
cc											CC
c											C
d or rd											D or RD

Operating Environment

bbb-	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.
bb+	Financial Access	bb	Below average combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
b-	Systemic Governance	bb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bb'.
ccc			

Customer Recognition

bb-	Market Leadership	b	Faces strong competition in its core markets.
b+	Brand Recognition	b	Limited brand awareness beyond its core market.
b	Track Record, Stability and Execution	b	Long track record only in its home market. Very few standardised product lines.
b-	Land Quality	b	Secondary and tertiary land; 20 projects under development generating sales of at least CNY100m.
ccc			

Operational Depth

bb-	Geographical Diversification	b	Concentrated in one or two regions.
b+	Access to Funding	b	Limited offshore financing track record and/or limited onshore banking relationships.
b	Exposure to Commercial Property Development	bbb	Commercial development sales accounts for less than 20%.
b-			
ccc			

Profitability

bb	EBITDA Margin	bb	20%
bb-	Funding Cost	bb	8%
b+			
b			
b-			

Financial Flexibility

bb-	Financial Discipline	b	No financial policy or track record of ignoring it. Opportunistic behavior.
b+	Land Acquisition Discipline	b	Reliance on debt to fund land acquisition resulting in sustainably large negative cash flow from operations relative to contracted sales.
b			
b-			
ccc			

Management and Corporate Governance

bbb-	Management Strategy	bb	Strategy generally coherent but some evidence of weak implementation.
bb+	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key man" risk from dominant CEO or shareholder.
bb	Group Structure	bb	Complex group structure or non transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
bb-	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg: lack of interim or segment analysis)
b+			

Scale

b+	Annual Contracted Sales	b	CNY10bn
b			
b-			
ccc			
cc			

Sales Efficiency

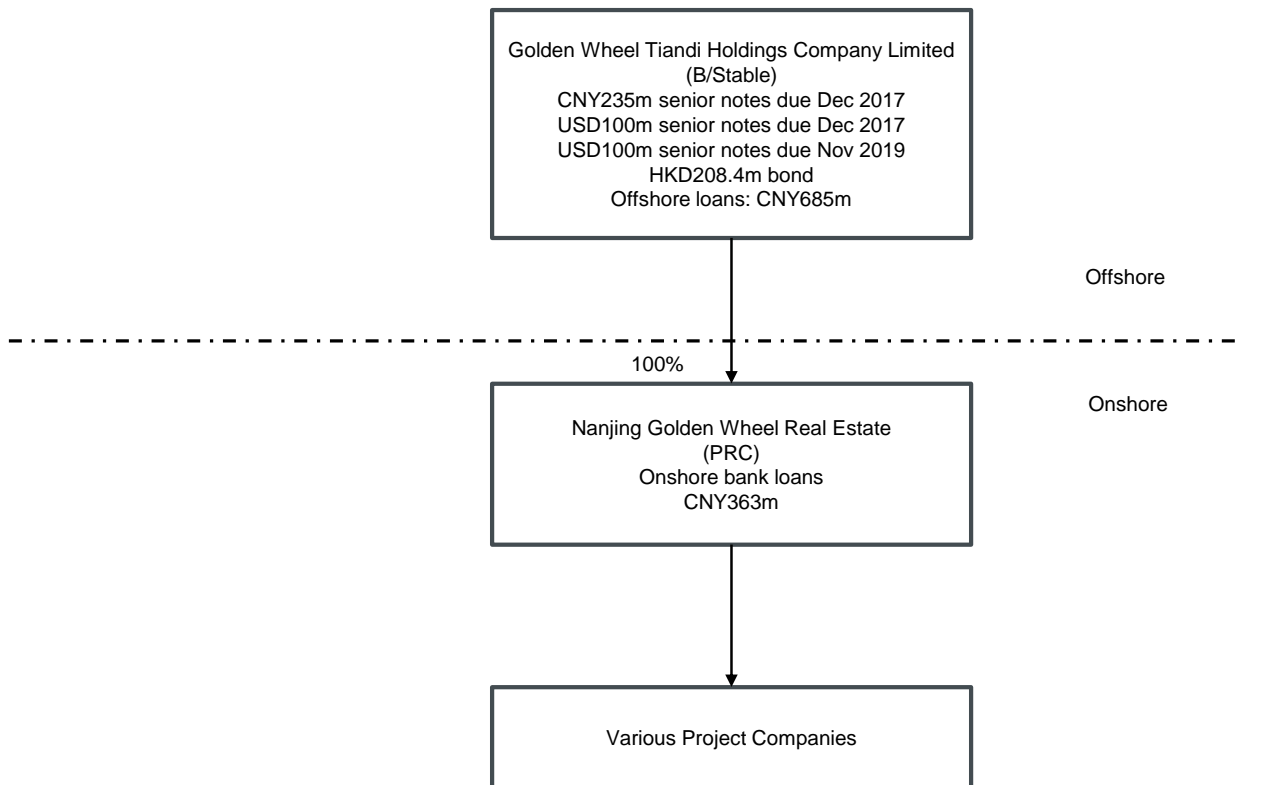
bb-	Contracted Sales/Total Debt	b	1.0x
b+	Contracted Sales/Net Inventory	bbb	0.8x
b			
b-			
ccc			

Financial Structure

bb	Net Debt/Net Inventory	bb	35%
bb-			
b+			
b			
b-			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Simplified Group Structure Diagram



Note: as of end-December 2016
Source: Company; Fitch

Peer Financial Summary

Company	Date	Rating	Gross Revenue (CNY million)	Operating EBITDAR Margin (%)	FFO Margin (%)	FFO Fixed Charge Coverage (x)	FFO Adjusted Leverage (x)
Golden Wheel Tiandi Holdings Company Limited	2016	B	941	31.0	-4.6	0.7	18.0
	2015	B	230	8.8	-98.1	-0.4	-41.7
	2014	B	831	31.2	11.2	1.6	9.9
Xinyuan Real Estate Co., Ltd.	2016	B	1,562	19.1	-15.8	-0.4	-28.3
	2015	B	1,164	15.3	-15.5	-0.1	-169.8
	2014	B+	920	15.1	-21.7	-0.4	-30.2
Modern Land (China) Co., Limited	2016	B+	8,458	12.2	-2.0	0.7	19.4
	2015	B	6,350	24.3	36.1	4.9	2.0
	2014	B	4,079	32.2	15.8	2.8	5.1
Yida China Holdings Limited	2016		7,005	25.8	-54.6	-2.7	-5.3
	2015		7,473	27.9	-0.6	0.9	12.2
	2014		7,711	28.2	-1.9	0.9	11.8
Redco Properties Group Ltd	2016	B	5,270	14.9	2.3	1.4	9.0
	2015	B	3,378	25.0	4.9	1.4	6.1
	2014	B	3,503	22.0	12.9	2.8	4.1

Source: Fitch

Reconciliation of Key Financial Metrics

(CNY Millions)	31 Dec 2016
Income Statement Summary	
Operating EBITDA	261
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	261
+ Operating Lease Expense Treated as Capitalised (h)	30
= Operating EBITDAR after Associates and Minorities (j)	292
Debt & Cash Summary	
Total Debt with Equity Credit (l)	2,858
+ Lease-Equivalent Debt (Op. Lease Expense Treated as Capitalised * Capit. Lease Multiple) (h*i)	0
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	2,858
Readily Available Cash [Fitch-Defined]	1,092
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	1,092
Total Adjusted Net Debt (b)	1,766
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	0
Interest Received	24
+ Interest (Paid) (d)	-196
= Net Finance Charge (e)	-172
Funds From Operations [FFO] (c)	-43
+ Change in Working Capital [Fitch-Defined]	1,065
= Cash Flow from Operations [CFO] (n)	1,022
Capital Expenditures (m)	-157
Multiple applied to Capitalised Leases (i)	0.0
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	9.8
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	18.0
<i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	10.9
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	6.1
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	11.1
<i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	2.0
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	1.3
Op. EBITDA / Interest Paid* [x] (k/-d)	1.3
FFO Fixed Charge Cover [x] ((c-e+h-f)/(-d+h-f))	0.7
<i>(FFO - Net Finance Charge + Capit. Leases - Pref. Div. Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i>	
FFO Gross Interest Coverage [x] ((c-e-f)/(-d-f))	0.7
<i>(FFO - Net Finance Charge - Pref. Div. Paid) / (Gross Int. Paid - Pref. Div. Paid)</i>	
* EBITDAR after Dividends to Associates and Minorities	
Source: Fitch based on company reports	

Fitch Adjustment Reconciliation

(CNY Millions)	Reported Values 31 Dec 16	Sum of Fitch Adjustments	- CORP - other	Other Adjustment	Adjusted Values
Income Statement Summary					
Revenue	941	0			941
Operating EBITDAR	211	80	80		292
Operating EBITDAR after Associates and Minorities	211	80	80		292
Operating Lease Expense	0	30	30		30
Operating EBITDA	211	50	50		261
Operating EBITDA after Associates and Minorities	211	50	50		261
Operating EBIT	203	50	50		253
Debt & Cash Summary					
Total Debt With Equity Credit	2,826	33	33		2,858
Total Adjusted Debt With Equity Credit	2,826	33	33		2,858
Lease-Equivalent Debt	0	0			0
Other Off-Balance Sheet Debt	0	0			0
Readily Available Cash & Equivalents	791	301	301	-0	1,092
Not Readily Available Cash & Equivalents	1,004	-301	-301		704
Cash-Flow Summary					
Preferred Dividends (Paid)	0	0			0
Interest Received	0	24	24		24
Interest (Paid)	-211	15	-50	65	-196
Funds From Operations [FFO]	128	-172	-172		-43
Change in Working Capital [Fitch-Defined]	1,065	0			1,065
Cash Flow from Operations [CFO]	1,194	-172	-172		1,022
Non-Operating/Non-Recurring Cash Flow	0	0			0
Capital (Expenditures)	-157	0			-157
Common Dividends (Paid)	-25	0			-25
Free Cash Flow [FCF]	1,012	-172	-172		840
Gross Leverage					
Total Adjusted Debt / Op. EBITDAR* [x]	13.4				9.8
FFO Adjusted Leverage [x]	8.3				18.0
Total Debt With Equity Credit / Op. EBITDA* [x]	13.4				10.9
Net Leverage					
Total Adjusted Net Debt / Op. EBITDAR* [x]	9.6				6.1
FFO Adjusted Net Leverage [x]	6.0				11.1
Total Net Debt / (CFO - Capex) [x]	2.0				2.0
Coverage					
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	1.0				1.3
Op. EBITDA / Interest Paid* [x]	1.0				1.3
FFO Fixed Charge Coverage [x]	1.6				0.7
FFO Interest Coverage [x]	1.6				0.7

*EBITDAR after Dividends to Associates and Minorities

Source: Fitch based on company reports

Recovery Worksheet

Recovery Analysis

Issuer Golden Wheel Tiandi Holdings Co Ltd
Currency CNY
Statement Date 31/12/2016

Issuer Default Rating B

Going Concern Enterprise Value	
Going concern EBITDA	N/A
EBITDA multiple (x)	N/A
Additional Value from Affiliates, Minority Interest, Other	0
Going concern enterprise value	N/A

Enterprise Value for Claims Distribution	
Greater of going concern enterprise or liquidation value	4289
Less Administrative Claims	10%
Total Enterprise Value	3860

Liquidation Value	Book Value	Advance Rate	Available to Creditors
Cash	1,796	56%	1,004
A/R	278	75%	209
Inventory	6,152	50%	3,076
Net PPE	-	50%	-
LV of Off-Balance Sheet	-	100%	-
Additional Value from Affiliates, Minority Interest, Other	-	100%	-
Total Liquidation Value			4,289

Distribution of Value

Priority	Amount	Concession Allocation	Value Recovered	Recovery	Recovery Rating	Notching	Rating
Tax claim	270	0	270	100%	RR3	3	BB
Secured onshore borrowing	819	0	819	100%	RR3	3	BB
Unsecured onshore borrowing	235	0	235	100%	RR3	3	BB
Unsecured offshore borrowing	1,804	0	1,804	100%	RR4		B

B+/B/B-/CCC Table

Considerations	B+	B	B-	CCC	Trend	Fitch's View
Business Model	Robust	Sustainable	Intact	Compromised	◀▶	GWTH focuses on developing small commercial and residential projects linked to metro stations and transportation hubs in China's provinces of Jiangsu and Hunan.
Strategy/ Execution Risk	Limited	Moderate execution risk	Meaningful execution risk	High execution risk	◀▶	GWTH's current sound-quality land bank supports its development for the next one to three years.
Cash Flow	Consistently Positive	Neutral to positive FCF	Volatile FCF	Constantly negative FCF	◀▶	Free cash flow is negative considering the company's need for land acquisition in the next one to two years.
Leverage Profile	Clear deleveraging path	Deleveraging capacity	High but sustainable	Unsustainable	▼	Current leverage is low. However, we see some upward potential in leverage, given the pressure for land replenishment.
Governance and Financial Policy	Committed	Some commitment to deleveraging	Aggressive	Uncommitted / biased towards equity interests	◀▶	The management set internal targets for leverage of net gearing not exceeding 50% (end-2016: 27%).
Refinancing Risk	Limited	Manageable	High	Excessive	◀▶	GWTH has access to both offshore bond and equity markets.
Liquidity	Comfortable	Satisfactory	Limited	Poor/partly funded	◀▶	Cash including restricted cash amounted to CNY1.8 billion, sufficient to cover the short-term debt of CNY1.8 billion as of end-2016.
CONCLUSION	B					

Source: Fitch

Full List of Ratings

	Rating	Outlook	Last Rating Action
Golden Wheel Tiandi Holdings Company Limited			
Long-Term IDR	B	Stable	Review - No Action 10 October 2017
Long-Term Local-Currency IDR	B	Stable	Review - No Action 10 October 2017
Senior unsecured rating	B		Review - No Action 10 October 2017

Related Research & Criteria

[Country-Specific Treatment of Recovery Ratings \(October 2016\)](#)

[Recovery Ratings and Notching Criteria for Non-Financial Corporate Issuers \(June 2015\)](#)

[Corporate Rating Criteria \(August 2017\)](#)

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