



## **CCXAP assigns first-time long-term credit rating BBB<sub>g</sub>- to Hefei Xincheng State-owned Asset Management Co Ltd, with stable outlook**

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Hong Kong, 22 May 2020 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating BBB<sub>g</sub>- to Hefei Xincheng State-owned Asset Management Co Ltd. The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>- long-term credit rating of Hefei Xincheng State-owned Asset Management Co Ltd (“HXSAM” or the “Company”) is underpinned by the Company’s (1) good track record of receiving ongoing support from the local government; (2) monopoly position in infrastructure construction in Hefei Xinzhan; and (3) low debt leverage and good liquidity profile. The rating is constrained by the Company’s (1) concentration of industrial investments and uncertainties on the returns; and (2) volatile operating profit.

### **Rating Outlook**

The stable outlook on HXSAM’s rating reflects our expectation that it will continue to receive strong and recurring support from its shareholder and maintain vital position in urban development and investment promotion in the Hefei Xinzhan High-tech Industrial Development Zone (“Hefei Xinzhan”).

### **What could upgrade the rating?**

The rating could be upgraded if (1) the economic and fiscal strength of Hefei Xinzhan improves notably; (2) HXSAM plays a more important role in Hefei Xinzhan, and the possibility of government support increases; and (3) the Company’s stand-alone credit profile improves significantly, such as having stronger revenue and profitability.

### **What could downgrade the rating?**

The rating could be downgraded if (1) the economic and fiscal performance of Hefei Xinzhan deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company’s stand-alone credit profile weakens significantly, such as having heightened debt leverage and weakened liquidity profile.

## Rating Methodology

CCXAP's public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results) and may be distributed through media and other means. Methodology used in this rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies dated May 2020, available at [www.ccxap.com](http://www.ccxap.com) (Rating Methodologies).

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