



CCXAP assigns first-time long-term credit rating BBB_g- to Changxing Communications Investment Group Co., Ltd., with stable outlook

Hong Kong, 28 May 2020 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating BBB_g- to Changxing Communications Investment Group Co., Ltd. The rating outlook is stable.

Rating Rationale

The BBB_g- long-term credit rating of Changxing Communications Investment Group Co., Ltd. (“CCIG” or the “Company”) reflects the Company’s (1) good track record of receiving ongoing support from the Changxing government; (2) important role in transportation infrastructure construction of Changxing County; and (3) good cash collection. The rating is also constrained by its (1) high capital expenditure pressure; (2) declining operating profits; and (3) heightened debt leverage and weak liquidity profile.

Rating Outlook

The stable outlook on CCIG’s rating reflects our expectation that it will continue to receive strong and recurring support from its shareholder and maintain its important role in transportation infrastructure construction of Changxing County.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strength of Changxing County improves notably; (2) the likelihood of government support for the Company further increases so that the Company receives more subsidies and asset injection; and (3) the Company’s stand-alone credit profile improves significantly.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Changxing County deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company’s stand-alone credit profile weakens significantly resulting in heightened debt leverage and weakened funding access.

Rating Methodology

CCXAP's public ratings are available at 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 (Rating Methodologies).

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