



## **CCXAP announces Changxing Communications Investment Group Co., Ltd.'s rating unaffected by USD bond issuance**

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Hong Kong, 12 June 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") announces that the USD110 million 4.1% bonds due June 2023 (unrated) issued by Changxing Communications Investment Group Co., Ltd. ("CCIG" or the "Company") will not affect the Company's BBB<sub>g</sub>- long-term credit rating and the stable outlook of the rating. The Company intends to use the net proceeds for refinancing certain of its existing indebtedness.

### **Corporate Profile**

Established in 1994, CCIG is the key investment and financing platform for transportation infrastructure construction in Changxing County. CCIG is wholly owned by the Transport Bureau of Changxing County, which is directly under the Changxing government. The Company has been the core operating entity in carrying out municipal development activities, including infrastructure construction, primary land development, and resettlement housing development activities in Changxing County. In addition to municipal development, the Company also engages in commercial trading and other business operations, such as security services, transportation services, toll roads and tourism.

### **Rating Rationale**

CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>- to CCIG, with stable outlook, on 28 May 2020. The BBB<sub>g</sub>- long-term credit rating of CCIG 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**

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(May 2020\)](#).

### **Contacts of Credit Ratings**

This publication does not announce a credit rating action. The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong  
Credit Analyst -- Credit Ratings  
[peter\\_chong@ccxap.com](mailto:peter_chong@ccxap.com)

Guo Zhang  
Director -- Credit Ratings  
[guo\\_zhang@ccxap.com](mailto:guo_zhang@ccxap.com)

Tel: +852-2860 7111

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#### **China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 805-808, Jardine House, 1 Connaught Place, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656