



CCXAP assigns first-time long-term credit rating BB_g to Zunyi Transportation and Tourism Investment Group Co., Ltd., with stable outlook

Hong Kong, 29 June 2020 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating BB_g to Zunyi Transportation and Tourism Investment Group Co., Ltd.. The rating outlook is stable.

Rating Rationale

The BB_g rating of Zunyi Transportation and Tourism Investment Group Co., Ltd. (“ZTTI” or the “Company”) is underpinned by the Company’s (1) tight relationship with the Zunyi government; (2) good track record of receiving ongoing support; and (3) key role in major transportation and scenic area construction in Zunyi City. However, the rating is constrained by its (1) sizable capital expenditure pressure from projects in the pipeline; (2) relatively weak operating profitability; and (3) high debt leverage and weak liquidity position.

Rating Outlook

The stable outlook on ZTTI’s rating reflects its strategic position in Zunyi City with high level of support from the Zunyi government. The outlook also incorporates our expectation that ZTTI will continue to obtain strong shareholder support and maintain its vital position in transportation and tourism construction of Zunyi City.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strength of Zunyi City improve notably; (2) the likelihood of government support for the Company further increases; and (3) the Company’s stand-alone credit profile improves significantly such as having better asset quality and lower debt leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal strength of Zunyi City 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 higher debt leverage and weaker liquidity position.

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).

Contacts of Credit Ratings

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

Guo Zhang
Director -- Credit Ratings
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

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656