



CCXAP assigns first-time BBB_g- to Yancheng High-tech Zone Investment Group Co., Ltd., with stable outlook

Hong Kong, 17 September 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB_g- to Yancheng High-tech Zone Investment Group Co., Ltd. (“YHZIG” or the “Company”). The rating outlook is stable.

Rating Rationale

The BBB_g- long-term credit rating of Yancheng High-tech Zone Investment Group Co., Ltd. (“YHZIG” or the “Company”) is underpinned by (1) the favorable operating environment provided by the good economic foundation of Yancheng City (the “City”) as well as the strategic development of Yancheng High-tech Zone (the “Zone”); (2) the Company’s solid track record of receiving support from the Yancheng Municipal Government; and (3) its regional monopoly in infrastructure construction and primary land development businesses in the Zone.

However, the rating is also constrained by the Company’s (1) high capital expenditure pressure from extensive pipeline projects; (2) prolonged settlement and cash collection periods; (3) high debt leverage with large external guarantees; and (4) modest liquidity profile with certain refinancing pressure.

Rating Outlook

The stable outlook on YHZIG’s rating reflects our expectation that the Company will maintain its strategic position in Yancheng City over the next 12 to 18 months. We also expect that the Company will continue to obtain solid financial and business support from the Yancheng Municipal Government.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal performance of Yancheng City improves notably; (2) the likelihood of receiving government support increases; and (3) the Company’s stand-alone credit profile, such as profitability and asset quality, improves on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Yancheng City weakens; (2) the likelihood of receiving government support decreases; or (3) the Company’s

stand-alone credit profile deteriorates significantly such as heightened debt leverage or weakened financing capability.

Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

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