

CCXAP affirms Beijing Capital Land Ltd.'s long-term credit rating at BBB_g-, with stable outlook

Hong Kong, 25 June 2021 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) affirms Beijing Capital Land Ltd.’s (“BCL” or the “Company”) long-term credit rating at BBB_g-, with stable outlook.

Corporate Profile

Founded in 2002, BCL is the core property development arm of its parent, Beijing Capital Group Co., Ltd. (“BCG”), which is a state-owned enterprise wholly owned and directly controlled by the Beijing State-owned Assets Supervision and Administration Commission (“Beijing SASAC”). BCL primarily engages in residential and commercial property development projects in China, with geographic focus on the three core metropolitan areas, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macau Greater Bay Area, as well as other key second-tier cities. As of 31 December 2020, BCL had sufficient land bank with a total GFA of 16.8 million sqm, which was equivalent to expected value of around RMB300.7 billion.

The Company was listed on the Hong Kong Stock Exchange in 2003 (Stock Code: 2868.HK). As of 31 December 2020, BCG is the largest shareholder of the Company, directly holding 56.7% of its equity interest.

Rating Rationale

The BBB_g- long-term credit rating of BCL is underpinned by the Company’s (1) solid track record of receiving ongoing support from BCG; (2) good access to projects and funding; and (3) high-quality land bank in top-tier cities in China.

However, the rating is also constrained by the Company’s (1) geographic concentration particularly in Beijing, making it vulnerable to regional policy risks; (2) weakened profitability; and (3) modest debt leverage and interest coverage.

Rating Outlook

The stable outlook on BCL’s rating reflects our expectation that the Company will continue to receive strong support from BCG, given its strategic and economic importance to its parent. We also expect the Company to maintain its debt control and deleveraging progress over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates contracted sales growth and improves its profitability; and (2) ameliorates its credit metrics such as adjusted EBIT/interest ratio increases and net gearing ratio decreases, on a sustained basis.

What could downgrade the rating?



The rating could be downgraded if the Company's (1) strategic position to BCG deteriorates, leading to a weakening of shareholder support; (2) contracted sales and profitability falls materially; or (3) the Company's credit metrics deteriorate, such as cash/short-term ratio falls below 1.0x.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Real Estate Development Industry \(December 2019\)](#).

Regulatory Disclosures

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