

CCXAP affirms Zhuzhou Geckor Group Co Ltd's long-term credit rating at BBB_g-, with stable outlook

Hong Kong, 22 July 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Zhuzhou Geckor Group Co Ltd ("Zhuzhou Geckor" or the "Company") at BBB_g-. The rating outlook is stable.

Corporate Profile

Established in 1999, Zhuzhou Geckor is wholly owned and ultimately controlled by the Administration Committee of Zhuzhou High-tech Industrial Development Zone ("High-tech Zone"), which directly holds 100% of its shares as of 31 March 2021. After its acquisition of Hunan Tanyes Group Co., Ltd. ("Hunan Tanyes") in 2020, the Company is positioned to support the industrialization and urbanization of the High-tech Zone, and is mainly responsible for primary land development, property development and management, and supporting services. The Company is the sole primary land developer for the Hexi Demonstration Park of High-tech Zone.

Rating Rationale

The BBB_g- rating of Zhuzhou Geckor reflects the Company's (1) dominant position in primary land development business; (2) consolidated market position and business profile; and (3) growing revenue and operating profit.

However, the rating is also constrained by the Company's (1) uncertainties in land development subject to local market conditions and policies; (2) large capital expenditure pressure; and (3) high debt leverage and weak liquidity profile.

We believe that Zhuzhou Geckor has a high likelihood of receiving strong support from the local government in times of need. Our expectation is based on the Company's (1) monopoly market position in the High-tech Zone; (2) tight relationship with the local government; and (3) good track record of receiving ongoing support.

Rating Outlook

The stable outlook on Zhuzhou Geckor's rating reflects our expectation that the Company will maintain its important role in the urbanization and industrialization of the High-tech Zone. We also expect that it will continue to receive strong and ongoing support from the local government.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strength of the High-tech Zone improves significantly; (2) the local government has stronger ability and more willingness to support the Company; and (3) the Company's stand-alone credit profile strengthens significantly, such as reduction in debt leverage and stronger liquidity profile.

What could downgrade the rating?



The rating could be downgraded if (1) the economic and fiscal performance of High-tech Zone deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company's stand-alone credit profile weakens significantly, such as heightened debt leverage and deteriorated liquidity profile.

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:
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