



## **CCXAP assigns first-time BB<sub>g</sub>+ to GCL Intelligent Energy Co., Ltd., with stable outlook**

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Hong Kong, 10 April 2018 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BB<sub>g</sub>+ to GCL Intelligent Energy Co., Ltd. (“GCL Intelligent Energy”). The rating outlook is stable.

### **Rating Rationale**

The BB<sub>g</sub>+ rating of GCL Intelligent Energy Co., Ltd (“GCL Intelligent Energy” or the “Company”) is underpinned by the Company’s (1) key business development supported by the government preferential policies; (2) strong competitive strength in its cogeneration plants; and (3) growing operating scale and improving regional diversification. However, the rating is also constrained by the Company’s (1) profitability in high correlation to its fuel costs; (2) fast business expansion in new energy with exposure to business and operational risk; and (3) heightened debt level with reliance on short-term debt financing.

### **Rating Outlook**

The stable outlook on GCL Intelligent Energy’s rating reflects that the Company will adhere to stable business performance in its core business of gas-fired cogeneration which is in consistent with its strategic positioning.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) the business environment further improves as supported by preferential government policies; (2) the Company strengthens business profile in terms of scale and diversification; (3) the Company’s operating profitability continues to improve; and (4) the Company lowers its debt leverage and improves its liquidity position.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) the business environment is adversely changed and the current preferential policies are no longer effective; (2) the Company’s revenue declines and profitability deteriorates significantly; (3) the Company’s liquidity buffer squeezes; or (4) significant increase in capital expenditure which erodes the Company’s credit metrics.

## Rating Methodology

CCXAP's public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results->Corporate Ratings) and may be distributed through media and other means. The methodology used in this rating is Rating Methodology for Electric Utilities Industry dated April 2018, available at [www.ccxap.com](http://www.ccxap.com) (Rating Process -> Rating Methodology).

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