



## **Issuer Comment: CCXAP comments on HNA Group's liquidity issue and relevant resolutions, and the impact on HNA International's rating**

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Hong Kong, 15 February 2018 – On 15 November 2017, China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned the first-time long-term credit rating of BBB<sub>g</sub>- to HNA Group (International) Company Limited (“HNA International” or the “Company”), with a stable outlook. HNA International is a fully owned subsidiary of HNA Group Co., Limited (“HNA Group” or the “Group”) performed as an offshore headquarter of international businesses. CCXAP believes that HNA Group provides strong parental support to HNA International and the Group’s recent developments have a significant impact on HNA International’s rating.

On 18 January 2018, HNA Group’s chairman, Chen Feng, said in a meeting with Reuters that the liquidity problem exists “because we made a big number of mergers”, even as the external environment became more challenging and China’s economy “transitioned from rapid to moderate growth”, impacting the Group’s access to new financing. As challenges multiplied, Chen said it was unreasonable to expect HNA Group to “fully grasp” the situation at once. He said digesting the group’s acquisitions and integrating operations would “take some time”. After years of “extraordinary development”, Chen said that HNA Group was now focused more on integrating operations, creating synergies between resources at home and overseas, and improving group management.

Backing to late 2017, HNA Group’s chief executive, Adam Tan, said that the Group was selling some real estate and other assets to improve liquidity and comply with national policy.

CCXAP expects that HNA Group’s strategic adjustments and relevant asset integrations or disposals will be applied to all the subsidiaries and associates companies at home and overseas. CCXAP will continue to monitor subsequent changes in HNA Group and HNA International, and assess the impact on HNA International’s rating.

### **Rating Methodology**

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