



CCXAP changes GCL Intelligent Energy's ratings outlook to positive, and affirms the Company's long-term credit rating at BB_g+

Hong Kong, 10 April 2019 -- China Chengxin (Asia Pacific) Credit Ratings ("CCXAP") has changed the outlook of GCL Intelligent Energy Co., Ltd. ("GCL Intelligent Energy" or the "Company") to positive from stable. At the same time, CCXAP has affirmed the Company's long-term credit rating at BB_g+

Rating Rationale

The BB_g rating of GCL Intelligent Energy Co., Ltd ("GCL Intelligent Energy" or the "Company") is underpinned by the Company's (1) clean energy business continuously supported by the government's preferential policies; (2) improved business profile with notable increase in operating scale; and (3) diversified power assets portfolio in sound locations. However, the rating is also constrained by the Company's (1) weakening profitability from rising fuel costs; (2) heightened debt leverage from large investments in new projects; and (3) modest liquidity position with high level of short-term debt.

Rating Outlook

The positive outlook on GCL Intelligent Energy's rating reflects our expectation that the Company will further strengthen its business profile with expanding operating and revenue scale in the coming 12 to 18 months. We also expect that the Company could enjoy the ongoing preferential industry policies with its continuous efforts in the diversifying clean energy business.

What could upgrade the rating?

The rating could be upgraded if the Company's (1) business environment is improved by additional preferential government policies; (2) business profile is strengthened with equity installed capacity above 2,500 MW; or (3) debt leverage is lowered and liquidity is improved.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) business environment adversely changes and the current preferential policies are no longer effective; (2) revenue declines and profitability falls significantly; (3) capital expenditure materially increases, causing erosion of its credit metrics; or (4) liquidity is squeezed.

Rating Methodology

CCXAP's public ratings are available at 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 (Rating Process -> Rating Methodology).

Contacts of Credit Ratings

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Vincent Tong
Credit Analyst -- Credit Ratings
vincent_tong@ccxap.com

Guo Zhang
Director -- Credit Ratings
guo_zhang@ccxap.com

Tel: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 805-808, Jardine House, 1 Connaught Place, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656