

Beijing Yizhuang Investment Holdings Limited's 2019-1 Medium-Term Notes

Ratings:

Long-term credit rating of the issuer: AAA

Credit rating of the medium-term notes (MTN): AAA

Rating outlook: Stable

MTN overview:

Scale of the MTN: CNY 1.5 billion

Maturity of this issue: 3 years

Debt servicing method: Annual interest payment, and bullet repayment of principal at maturity

Use of proceeds: To repay the matured debt

Rating assigned date: Monday, July 8, 2019

Financial data:

Item	2016	2017	2018	March 2019
Cash assets (CNY 100mn)	94.00	49.52	113.78	70.68
Total assets (CNY 100mn)	691.69	729.04	713.43	694.84
Owners' equity (CNY 100mn)	217.69	260.64	226.92	239.53
Short-term liabilities (CNY 100mn)	132.65	95.66	101.61	91.60
Long-term liabilities (CNY 100mn)	215.31	226.28	188.91	166.46
Total liabilities (CNY 100mn)	347.96	321.94	290.52	258.06
Revenue (CNY 100mn)	49.16	63.35	63.91	13.32
Total profit (CNY 100mn)	5.49	6.66	7.41	0.49
EBITDA (CNY 100mn)	15.44	19.02	19.35	--
Net cash flow from operating activities (CNY 100mn)	55.26	11.52	119.65	-6.14
Receivables/total assets (%)	12.82	12.41	12.47	12.96
Operating profit margin (%)	28.45	25.69	27.04	23.16
ROE (%)	1.63	1.75	2.45	--
Debt-to-asset ratio (%)	68.53	64.25	68.19	65.53
Total debt capitalization ratio (%)	61.51	55.26	56.15	51.86
Current ratio (%)	197.07	218.32	208.86	182.93
Operating cash flow-to-current liabilities ratio (%)	22.84	5.50	52.22	--
Total liabilities/EBITDA (x)	22.54	16.92	15.02	--

Note: The financial data of the first quarter in 2019 are unaudited.

Rationale:

The ratings assigned to Beijing Yizhuang Investment Holdings Limited (hereinafter referred to as "the Company") by China Lianhe Credit Ratings Co., Ltd (hereinafter referred to as "Lianhe Ratings") reflect the fact that, as the sole entity responsible for infrastructure construction and park development and operation in the Beijing Economic and Technological Development Zone (hereinafter referred to as the "Development Zone"), the Company enjoys the obvious advantage of exclusive right, and continues to receive strong support from shareholders in terms of monetary investment and financial subsidies. This ensures the stable growth of the Company's revenue and total profit. Meanwhile, Lianhe Ratings has concerns over the relatively weak profitability of the Company, and factors such as the relatively severe erosion of operating profit caused by period expenses, and the large scale of future investment, which could have adverse impacts upon the Company's business development and solvency.

As the Development Zone expands, the Company will focus on development orientations in the core industries, concentrate on industrial planning in a zone covering 225 square kilometers, and further raise carrying capacities and standard of the platform, all of which suggest a promising future of continuous growth in business scale and revenue. Lianhe Ratings assigns the "stable" outlook rating to the Company.

The operating cash inflow coverage ratio is high for this MTN. Based on an overall assessment of the Company's long-term credit profile and its ability to repay the MTN, Lianhe Ratings concludes that the risk of default on the bond repayment is extremely low.

Strengths

1. Beijing and the Development Zone continue to develop, and the Development Zone itself continues to expand in area, providing a sound external environment and ample leeway for the Company's development.
2. As the sole entity responsible for infrastructure construction and park development and operation in the Development Zone, the Company enjoys the obvious advantage of exclusive right, and continues to receive strong support from shareholders in terms of monetary investment and financial subsidies.
3. In recent years, Company operations have been ushering in a prosperous future, with revenue and total profit growing steadily.

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Concerns

1. The Company's period expenses eroded its operating profit and the overall profitability is weak.
2. As the Company plans large-scale future investments, there is a demand for external financing.

