



## **CCXAP assigns first-time BBB<sub>g</sub>- to Tongren Transport & Tourism Development & Investment Group Co., Ltd and A<sub>g</sub>-3 to its USD short-term senior bonds, outlook stable**

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Hong Kong, 2 November 2017 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BBB<sub>g</sub>- to Tongren Transport & Tourism Development & Investment Group Co., Ltd (“TTT”), and a short-term credit rating of A<sub>g</sub>-3 to its USD short-term senior bonds. The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>- long-term credit rating of Tongren Transport & Tourism Development & Investment Group Co., Ltd (“TTT” or the “Company”) is underpinned by (1) Tongren’s increasing economic and financial strength; (2) high level of governmental support given the Company’s strong strategic position; and (3) steady revenue growth from the operation and construction of tourism resources in Tongren City. However, the rating also is constrained by (1) Tongren’s high dependency of financial subsidies from higher-tier government and heightened government debt ratio; (2) the Company’s sizable capital expenditure due to large scale of project construction.

CCXAP has assigned A<sub>g</sub>-3 short-term credit rating to TTT’s USD short-term senior bonds.

### **Rating Outlook**

The stable outlook on TTT’s rating reflects its strong position in Tongren City with high level of support from the Tongren Municipal Government. We expect that the Company will maintain its vital position in tourism resources development.

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

The rating could be upgraded if (1) there are favorable regulatory framework changes to the Company; (2) the Company improves its credit metrics, such as debt leverage and liquidity.

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

The rating could be downgraded if (1) there is weakening support from the Tongren Municipal Government; (2) increasingly sizable capital expenditure exerts pressure on its credit profile.

## 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 China's Local Government Financing Vehicles dated June 2017, available at [www.ccxap.com](http://www.ccxap.com) (Rating Process -> Rating Methodology).

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