



CCXAP assigns first-time BBB_g+ to Dezhou Deda City Construction Investment Operation Co., Ltd., with stable outlook

Hong Kong, 13 June 2018 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BBB_g+ to Dezhou Deda City Construction Investment Operation Co., Ltd.. The rating outlook is stable.

Rating Rationale

The BBB_g+ long-term credit rating of Dezhou Deda City Construction Investment Operation Co., Ltd. (“DDCCIO” or the “Company”) is underpinned by (1) high level of support from shareholders given its strategic position; (2) moderate credit metrics; and (3) solid liquidity position. However, the rating is also constrained by the Company’s (1) narrowing profitability metrics; (2) vulnerability to cyclicity of real estate market.

Rating Outlook

The stable outlook on DDCCIO’s rating reflects its strategic position of primary land development and infrastructure construction in Dezhou City with high level of support from its shareholders. We expect that the Company will maintain its strategically important position to Dezhou City and further develop as an important entity for city construction, utility services and property development in Dezhou City.

What could upgrade the rating?

The rating could be upgraded if (1) the Company would be granted with more favorable policy and financial support; (2) the Company improves its profitability and credit metrics.

What could downgrade the rating?

The rating could be downgraded if (1) there is reduced support from shareholders; (2) the Company records substantially weakening credit metrics in the future; (3) there are substantial constraints on the Company’s refinancing capability.

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 China’s Local Government Financing Vehicles dated June 2017, available at www.ccxap.com (Rating Process -> Rating Methodology).

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