



CCXAP affirms Dezhou Deda City Construction Investment Operation Co., Ltd. long-term credit rating at BBB_g+, with stable outlook

Hong Kong, 13 June 2019 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has affirmed Dezhou Deda City Construction Investment Operation Co., Ltd. long-term credit rating at BBB_g+. 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) growing economic and financial strength of Dezhou Municipal Government; and (2) strong level of support from shareholders given DDCCIO’s strategic position. However, the rating is also constrained by the Company’s (1) fluctuation in revenue and profitability; and (2) business transition risks.

Rating Outlook

The stable outlook on DDCCIO’s rating reflects its strategic position of primary land development and infrastructure construction in Dezhou City (“the City”) with strong level of support from its shareholders. We expect that the Company will maintain its strategically important position and further develop given its strong access to project resources.

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 could improve its profitability and credit metrics.

What could downgrade the rating?

The rating could be downgraded if (1) the level of government support for the Company reduces; (2) DDCCIO’s market position and policy functions materially weaken; and (3) the Company’s credit metrics deteriorate.

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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