



## **CCXAP assigns first-time BBB<sub>g</sub>+ to Dalian Deta Holding Co., Ltd., with stable outlook; and proposed US dollar-denominated unsecured notes BBB<sub>g</sub>+**

---

Hong Kong, 5 July 2019 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BBB<sub>g</sub>+ to Dalian Deta Holding Co., Ltd. (“Deta” or the “Company”). The rating outlook is stable.

CCXAP has also assigned Deta’s proposed US dollar-denominated senior unsecured notes with an expected rating of BBB<sub>g</sub>+. The proposed senior unsecured notes do not incorporate any notching for subordination risk. The offshore notes will be directly issued by the Company and will constitute its direct, general, unsubordinated, unconditional and unsecured obligations. The notes will at all times rank pari passu and without any preference among themselves and at least equally with all of Deta’s other present and future unsecured and unsubordinated obligations. Proceeds will be used for project development and replacement of debt.

The final rating on the proposed US dollar-denominated notes is contingent upon the receipt of final documents conforming to information already received.

### **Rating Rationale**

The BBB<sub>g</sub>+ long-term credit rating and senior unsecured debt rating of Deta is underpinned by the Company’s (1) strong level of support from the shareholder; (2) strategically important position in utility services in the Jinpu New Area; and (3) improved financial and liquidity profile. However, the rating is constrained by (1) uncertainties in the infrastructure construction business; and (2) the Company’s weak profitability and cash generating ability.

### **Rating Outlook**

The stable outlook on Deta’s rating reflects its key position in the provision of utility services in the Jinpu New Area and the continuity of receiving high level of support from its major shareholder, the Administrative Committee of Dalian Jinpu New Area (the “Jinpu Administrative Committee”). We expect the revenue of the Company will gradually improve alongside the development of the Jinpu New Area.

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

The rating could be upgraded if (1) more favorable government policies are introduced that can strengthen the Company’s position in the Jinpu New Area as well as its business profile; (2) the Company’s profitability improves; and (3) the Company improves its credit profile in debt leverage and credit metrics.

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

The rating could be downgraded if (1) there is less support from the regional and local governments; (2) increasing capital expenditure exerts pressure on the Company's credit profile; or (3) the Company's debt leverage severely impairs its liquidity position.

### **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).

### **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.

Na Yu

Credit Analyst -- Credit Ratings

[na\\_yu@ccxap.com](mailto:na_yu@ccxap.com)

Tel: +852-2860 7123

Guo Zhang

Director -- Credit Ratings

[guo\\_zhang@ccxap.com](mailto:guo_zhang@ccxap.com)

Tel: +852-2860 7111

**Disclaimer**

Credit ratings assigned by China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) are based on CCXAP’s rating principles of independence, fairness and objectivity. A credit rating reveals and ranks specific risks, but it does not cover all risks embedded in the rated entity or the rated debt issue.

Credit ratings are not recommendations for investors to buy, sell or hold debt securities, nor measurements of market value of the rated entities or the rated debt issues. While CCXAP has obtained information from sources it believes to be reliable, CCXAP does not perform an audit and undertakes no duty of due diligence or independent verification of information it receives from the rated entity.

CCXAP’s public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results) and may be distributed through media and other means. The methodology used in this rating is Rating Methodology for REITs and REOCs dated July 2018, available at [www.ccxap.com](http://www.ccxap.com) (Rating Process -> Rating Methodology).

All information published in this document belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained in this document reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee the accuracy, adequacy, completeness or timeliness of any information included in this document. None of the information may be used, including without limitation reproducing, amending, sending, distributing, transferring, lending, translating, or adapting the information, for subsequent use without CCXAP's prior written permission.

CCXAP is not liable for any in whole or part caused by, resulting from or relating to any error (neglect or otherwise) or other circumstance or contingency within or outside the control of CCXAP's or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, interpretation, analysis, editing, transcription, publication, communication or delivery of any such information, or any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation lost profits), even if CCXAP, or representatives thereof, are advised of the possibility of such damage, losses or expenses.

**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

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

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656