



CCXAP assigns Jiangsu Yueda Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook

Hong Kong, 17 April 2020 -- China Chengxin (Asia Pacific) Credit Ratings ("CCXAP") has assigned the long-term credit rating of BBB_g- to Jiangsu Yueda Group Co., Ltd. ("Jiangsu Yueda" or the "Company"). The rating outlook is stable.

Rating Rationale

The BBB_g- rating of Jiangsu Yueda Group Co., Ltd. ("Jiangsu Yueda" or the "Company") is underpinned by the Company's (1) largest state-owned enterprise status in Yancheng City; (2) moderate diversification benefiting from its broad lines of business and quality asset resources; and (3) diversified funding channels. However, the rating is constrained by the Company's (1) business operations that are susceptible to the volatility of fundamental economic changes as well as policy changes of China; (2) modest financial profile with high debt leverage and low debt coverage; and (3) high refinancing pressure.

Rating Outlook

The stable outlook on Jiangsu Yueda's rating reflects our expectation that the Company would continue to maintain its leading position as a state-owned enterprise in Yancheng City with stable investment returns and diversified funding channels. Meanwhile, we believe that the Company could continue to benefit from its diversified business portfolio.

What could upgrade the rating?

The rating could be upgraded if (1) the Company's overall business profile improves; or (2) the Company demonstrates better credit metrics including lower total capitalization ratio and higher EBITDA interest coverage ratio.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of shareholder support significantly decreases; (2) there is evidence of weakening overall business profile; or (3) the Company's credit metrics materially deteriorate.

Rating Methodology

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means. The methodology used in this rating is Rating Methodology for Business and Customer Service Companies dated December 2019, available at www.ccxap.com (Rating Methodology).

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