



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

Hong Kong, 12 June 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Dezhou Deda City Construction Investment Operation Co., Ltd. ("Deda" or the "Company") at BBB_g+. The rating outlook is stable.

Rating Rationale

The BBB_g+ rating of Dezhou Deda City Construction Investment Operation Co., Ltd. ("Deda" or the "Company") is underpinned by (1) the Company's policy function and key role in infrastructure construction and provision of utility services in Dezhou City; (2) strong likelihood and track record of government support; and (3) good access to domestic funding. However, the rating is also constrained by (1) uncertainties in primary land and property development; and (2) weak liquidity profile.

Rating Outlook

The stable outlook on Deda's rating reflects our expectation that Deda will continue to receive strong and recurring support from the Dezhou Municipal Government. We expect that the Company will keep a vital role in the development of Dezhou City and the provision of public services in the City.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal performance of Dezhou City improves notably; (2) the likelihood of government support for Deda increases; and (3) the Company's liquidity improves such as the cash to short-term debt ratio increases to 1.0x or above on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Dezhou City weakens; (2) the likelihood of government support for the Company recedes; or (3) the Company's financial profile or liquidity further deteriorates.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(May 2020\)](#).

Contacts of Credit Ratings

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