



CCXAP assigns Guangxi Liuzhou Dongcheng Investment and Development Group Co., Ltd.'s US dollar-denominated senior unsecured notes final BBB_g+ rating

Hong Kong, 30 September 2019 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned Guangxi Liuzhou Dongcheng Investment Development Group Co., Ltd.'s (“GLD” or the “Company”) (BBB_g+ / Stable) USD 300 million 7% offshore senior unsecured notes due 2022 a final rating of BBB_g+

The notes are directly issued by GLD, and rated at the same level as GLD's senior unsecured debt rating as they represent its direct, unconditional, and unsubordinated and unsecured obligations. The net proceeds will be used for domestic business development, domestic debt refinancing and for general corporate purposes.

The final rating is in line with the expected rating affirmed on 24 September 2019.

Rating Rationale

The BBB_g+ long-term credit rating and senior unsecured debt rating of GLD is underpinned by the Company's (1) strong strategic role in the District with high likelihood of support from SASAC; (2) dominant position in the District's primary land development and public facility construction projects; and (3) diversified business profile that provides it with additional cash flow stream. However, the rating is also constrained by the Company's (1) large capital pressure given its extensive project pipelines; and (2) weak stand-alone financial profile and liquidity position.

Rating Outlook

The stable outlook on GLD's rating reflects its significant strategic position as the largest state-owned entity (“SOE”) that undertakes major public facility and infrastructure projects in the District. The outlook also incorporates our expectation that GLD will continue to receive solid support from Liuzhou SASAC and benefit from the ongoing economic development of the District.

What could upgrade the rating?

GLD's rating could be upgraded if (1) the Liuzhou City's economic and fiscal strengths noticeably improve; or (2) the Company receives stronger support from the upper level government or the central government of China.

What could downgrade the rating?

GLD's rating could be downgraded if (1) Liuzhou City's economic and fiscal strengths are weaker than our estimate; (2) the likelihood of support for GLD from Liuzhou SASAC declines; or (3) GLD's stand-alone credit profile weakens meaningfully such as material deterioration in its business or financial profile and severely impaired liquidity position.

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

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