



CCXAP assigns first-time BB_g to Jilin Railway Investment & Development Co., Ltd., with stable outlook

Hong Kong, 31 July 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BB_g to Jilin City Railway Investment Development Co., Ltd. (“JRID” or the “Company”). The rating outlook is stable.

Rating Rationale

The BB_g long-term credit rating of Jilin City Railway Investment Development Co., Ltd. (“JRID” or the “Company”) is underpinned by the Company’s (1) solid track record of receiving ongoing support from the Jilin Municipal Government; and (2) regional monopoly in railway infrastructure projects and city operation business.

However, the rating is also constrained by the Company’s (1) prolonged cash collection periods and uncertainties in revenue recognition; (2) high debt leverage and large external guarantees; (3) frequent asset transfers that weaken its corporate governance and reduce business sustainability; and (4) weak liquidity profile.

Rating Outlook

The stable outlook on JRID’s rating reflects our expectation that the Company will maintain its strategic position in Jilin City for the next 12 to 18 months. We also expect that the Company will continue to obtain ongoing government support from the Jilin Municipal Government.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal performance of Jilin City improves notably; (2) the likelihood of receiving government support increases such as material asset and capital injections; and (3) the Company’s stand-alone credit profile improves materially on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Jilin City weakens; (2) the likelihood of receiving government support recedes such as a material transfer-out of its assets or removal of key business segments; or (3) the Company’s stand-alone credit profile deteriorates significantly such as heightened debt leverage or weakened financing capability.

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

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.

Vincent Tong

Credit Analyst -- Credit Ratings

vincent_tong@ccxap.com

Guo Zhang

Director -- Credit Ratings

guo_zhang@ccxap.com

Tel: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

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

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656