

CCXAP assigns first-time long-term credit rating of BBB_g- to Yangzhou Longchuan Holding Group Co., Ltd, with stable outlook

Hong Kong, 21 May 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB_g- to Yangzhou Longchuan Holding Group Co., Ltd (“Yangzhou Longchuan” or the “Company”). The rating outlook is stable.

Corporate Profile

Established in 2001, Yangzhou Longchuan is the most important infrastructure construction and state-owned assets operation entity in Jiangdu District, Yangzhou City. The Company mainly engages in infrastructure and resettlement housing construction, grain trading, and water supply services. As of 31 December 2020, Yangzhou Jiangdu District State-owned Capital Investment Operation Group Co., Ltd. held 100% of the Company’s shares, and People’s Government of Jiangdu District, Yangzhou Municipality (“Jiangdu District Government”) is the ultimate controlling shareholder of the Company.

Rating Rationale

The BBB_g- long-term credit rating of Yangzhou Longchuan is underpinned by the Company’s (1) vital position in infrastructure and resettlement housing construction in Jiangdu District; (2) regional monopolistic advantage in city operation businesses; and (3) increasing revenue and operating profit.

However, the rating is also constrained by the Company’s (1) weak asset liquidity; (2) high debt leverage; and (3) weak liquidity profile.

Rating Outlook

The stable outlook on Yangzhou Longchuan’s rating reflects our expectation that the Company will maintain its vital position in Jiangdu District. We also expect that the Company will continue to receive ongoing government support.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strength of Yangzhou City and Jiangdu District improves notably; and (2) the Company’s stand-alone credit profile improves significantly, such as total capitalization ratio fall below 50% and cash/short-term debt ratio rise above 1.0x.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal strength of Yangzhou City and Jiangdu District deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company’s stand-alone credit profile weakens significantly, such as deterioration in the stability and sustainability of its businesses.



Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.

Peter Chong

Credit Analyst – Credit Ratings

peter_chong@ccxap.com

Elle Hu

Director – Credit Ratings

elle_hu@ccxap.com

Tel: +852-2860 7111



Copyright © 2021 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656