
CCXAP affirms ratings of 20 LIIFCs and upgrades ratings of 3 LIIFCs, following the publication of updated methodology for China's Local Infrastructure Investment and Financing Companies

Hong Kong, 29 July 2022 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the ratings of 20 local infrastructure investment and financing companies ("LIIFC") and upgraded the ratings of 3 LIIFCs in China, following the publication of its updated China's LIIFC Methodology on 28 July 2022. All of the rating outlooks remain stable.

CCXAP's updated rating methodology has revised its rating framework to a top-down approach when assessing the credit quality of China's LIIFCs and removed the baseline credit assessment on LIIFCs combined with extraordinary support from the respective regional local governments ("RLGs").

CCXAP's rating affirmations and upgrades reflects that (1) those entities are applicable to be rated under the updated rating methodology; (2) the ratings have considered the respective RLGs' capacity to provide support and their willingness to provide support based on our assessment of the LIIFCs' characteristics; (3) most of the entities are still appropriate at their current rating levels and a few of them should be rated one-notch higher.

For the details of affected credit ratings (including debt ratings) and related disclosure, please click on the following link [\[Link\]](#).

List of rating upgrade for rated LIIFCs is as follows:

Changzhou Eastern New City Construction Group Co., Ltd (from BBB_g to BBB_g+)
Yancheng High-tech Zone Investment Group Co., Ltd. (from BBB_g- to BBB_g)
Yancheng Oriental Investment & Development Group Co., Ltd. (from BBB_g- to BBB_g)

List of rating affirmation for rated LIIFCs is as follows:

Changchun Urban Development & Investment Holdings (Group) Co., Ltd. (A_g+)
Changxing Communications Investment Group Co., Ltd. (BBB_g-)
Chongqing Nan'an Urban Construction & Development (Group) Co., Ltd. (BBB_g+)
Dalian Deta Holding Co., Ltd. (BBB_g+)
Dezhou Deda City Construction Investment Operation Co., Ltd. (BBB_g+)
Guangxi Liuzhou Dongcheng Investment Development Group Co., Ltd. (BBB_g+)
Huai'an Development Holdings Co., Ltd. (BBB_g-)
Huai'an Traffic Holding Group Co., Ltd. (BBB_g)
Jinan Economic Development Investment Co., Ltd. (BBB_g-)
Nantong Coastal Development Co., Ltd (A_g-)
Quzhou Communications Investment Group Co., Ltd. (BBB_g)
Shangrao Innovation Development Industry Investment Group Co., Ltd. (BBB_g-)
Taizhou Huaxin Pharmaceutical Investment Co., Ltd. (BBB_g-)
Yancheng City Assets Investment Group Co., Ltd (BBB_g+)

Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd. (BBB_g+)

Yangzhou Longchuan Holding Group Co., Ltd (BBB_g-)

Yixing City Construction Culture Tourism Group Co Ltd (BBB_g)

Zhaoqing Gaoyao District State-Owned Assets Operation Co., Ltd. (BBB_g-)

Zhaoqing Gaoyao Jiantou Investment and Development Group Co., Ltd. (BBB_g-)

Zhuzhou Geckor Group Company Ltd (BBB_g-)

Rating Rationale

The rating affirmations and upgrades follow the publication of CCXAP's updated methodology for China's LIIFC, which is consistent with our view that (1) RLG's support is the vital credit consideration for a LIIFC; and (2) a LIIFC's characteristics may also affect the RLG's support.

Two key components for the analytical framework of the updated rating methodology are:

(1) Government's Capacity to Provide Support, which is largely determined by our internal assessment of the direct RLG or relevant entities that are most likely to provide support when a LIIFC faces liquidity issues. Our internal assessment of RLGs is based on the rating methodology of Regional and Local Governments published in July 2022, which include the assessment of idiosyncratic risk, systemic risk, and extraordinary support from the upper-tier government.

(2) Government's Willingness to Provide Support, which is evaluated by the LIIFC's business and operational profile, financial risks and controls, as well as negative government intervention or additional government support. Notching for different factors could be downward or upward in our rating framework, and most of the cases would be downward adjustments.

Rating Outlook

The stable outlooks for all the LIIFCs reflect (1) the stable outlook on the Chinese government and the respective RLGs' capacity to provide support; (2) our expectation of the LIIFCs' business and operational profile as well as financial risks and controls will remain largely unchanged over the next 12-18 months.

What could upgrade the rating?

The ratings could be upgraded if (1) China's sovereign rating is upgraded or the LIIFCs' respective RLGs' capacity to provide support strengthens; and (2) the LIIFCs' specific characteristics change in a way that enhances the RLGs' willingness to support them.

What could downgrade the rating?

The ratings could be downgraded if (1) China's sovereign rating is downgraded or the LIIFCs' respective RLGs' capacity to provide support weakens; and (2) the LIIFCs' specific characteristics change in a way that lowers the RLGs' willingness to support them.



Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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

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

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