

## **CCXAP affirms the long-term credit rating of Changchun Urban Development & Investment Holdings (Group) Co., Ltd.'s at A<sub>g</sub>+, with stable outlook**

Hong Kong, 25 August 2021 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Changchun Urban Development & Investment Holdings (Group) Co., Ltd. (“CCDG” or the “Company”) at A<sub>g</sub>+. The rating outlook is stable.

### **Corporate Profile**

CCDG was established by State-owned Assets Supervision and Administration Commission of Changchun Municipal Government (“Changchun SASAC”) in September 2013. The Company is the largest local state-owned enterprise in Changchun, mainly engaging in infrastructure construction, public housing development, water supply and sewage treatment. As of 31 March 2021, Changchun SASAC held 100% of the Company’s shares, and the Changchun Municipal Government was its ultimate shareholder.

### **Rating Rationale**

The A<sub>g</sub>+ long-term credit rating of CCDG is underpinned by the Company’s (1) monopoly in water supply and its vital role in sewage treatment, infrastructure construction and public housing development in Changchun City; and (2) diversified and sustainable business profile.

However, the rating is constrained by the Company’s (1) weak operating profitability; and (2) relatively weak asset liquidity with large capital occupation from sizeable account receivables.

We believe that CCDG has a high likelihood of receiving strong support from the Changchun Municipal Government in times of need. Our expectation is based on the Company’s (1) strong position as the largest local state-owned enterprise in Changchun City; (2) close relationship with the local government; and (3) good track record of receiving government support.

### **Rating Outlook**

The stable outlook on CCDG’s rating reflects our expectation that the Company will maintain its key role in Changchun City and continue to obtain strong support from the Changchun Municipal Government.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) the economic and fiscal prospects of Changchun City improve significantly; and (2) the Changchun Municipal Government’s capacity and willingness to support the Company increases.

#### **What could downgrade the rating?**



The rating could be downgraded if (1) the economic and fiscal performance of Changchun City deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company's stand-alone credit profile weakens, such as deteriorated business or financial performance.

### **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**

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