



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

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Hong Kong, 28 October 2020 -- 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.

### **Rating Rationale**

The A<sub>g</sub>+ long-term credit rating of CCDG is underpinned by the Company's (1) good track record of receiving support from the Changchun Municipal Government; and (2) monopoly in water supply and its vital role in sewage treatment, infrastructure construction and public housing development in Changchun City.

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

### **Rating Outlook**

The stable outlook on CCDG's rating reflects our expectation that the Company will maintain its irreplaceable role in water supply and sewage treatment in Changchun City. We also expect that the Company will continue to obtain strong financial support from the Changchun Municipal Government.

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

The rating could be upgraded if the economic and fiscal prospects of Changchun City improves significantly and the Changchun Municipal Government becomes more able and willing to support the Company.

### **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 severely, 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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[http://www.ccxap.com/en/rating\\_services/category/6/](http://www.ccxap.com/en/rating_services/category/6/)

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