

CCXAP affirms Changchun Urban Development & Investment Holdings (Group) Co., Ltd.'s long-term credit rating at A_g+, with stable outlook.

Hong Kong, 10 June 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Changchun Urban Development & Investment Holdings (Group) Co., Ltd.’s (“CCDC” or the “Company”) long-term credit rating at A_g+, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating of A_g+

The A_g+ long-term credit rating of CCDC reflects (1) Changchun Municipal Government's very strong capacity to support; and (2) the local government's extremely high willingness to support, based on our assessment of the Company's characteristics. Our assessment of Changchun Municipal Government's capacity to provide support reflects its vital role as the capital city of Jilin Province, with good economic fundamentals and fiscal quality while constrained by its moderate self-sufficiency ratio. As an important economic and political center in Jilin Province, it is more likely for Changchun City to get support from the provincial government.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) dominant role as the largest local infrastructure investment and financing company (“LIIFC”) in Changchun City and Jilin Province; (2) good track record of receiving government's support; and (3) good access to funding. However, the Company's rating is constrained by its (1) increasing exposure to commercial activities; and (2) high debt level driven by ongoing project investments; and (3) weakened liquidity position;

Corporate Profile

CCDG was established by the State-owned Assets Supervision and Administration Commission of Changchun Municipal Government (“Changchun SASAC”) in September 2013. The Company is the largest LIIFC in terms of total assets in Changchun City and Jilin Province. It has been designated as the main entity in Changchun City for infrastructure construction, public housing development, and gas supply. CCDG also has diversified its business into commercial activities such as product sales, leasing, and financial services. As of 31 March 2025, Changchun SASAC held 100% of the Company's shares, which was its ultimate shareholder.

Rating Rationale

Credit Strengths

Dominant role as the largest LIIFC in Changchun City and Jilin Province. CCDG's essential role in Changchun City is consolidated after Changchun SASAC transferred its ownership of some key local state-owned enterprises to the Company in 2014, acting as the largest and the most important LIIFC in Changchun City and Jilin Province. The Company has a dominant position in engineering construction in Changchun City, including urban infrastructure construction and welfare housing construction.

Good track record of receiving government' support. Changchun Municipal Government has a proven track record of providing support to CCDG such as equity transfer, asset injection, financial subsidies, and government payment for construction projects. As the largest local state-owned enterprise in Changchun City, we expect the Company to play a vital role in its development and operation, and the Changchun Municipal Government will provide support to the Company when necessary.

Good access to funding. CCDG has built long-term relationships with the major banks in China, which provide sufficient facilities to maintain its continuous investment. Moreover, the Company has good access to both onshore and offshore debt capital markets.

Credit Challenges

Increasing exposure to commercial activities. Apart from public businesses, CCDG has diversified its business into commercial activities such as product sales, leasing, property development and financial services. Based on the Company's business positioning strategy, the Company's commercial assets have increased in recent years. These commercial activities can generate supplement income for CCDG, but may be more sensitive to market fluctuations.

Weakened liquidity position. CCDG's liquidity position has been weakened due to the increasing amount of short-term debt. The Company's short-term debt increased in 2024 compared to 2023, while its cash/short-term debts ratio weakened. We believe that the Company's liquidity risk is manageable, as mitigated by its adequate standby liquidity buffer and good access to the bond markets.

High debt level driven by ongoing project investments. CCDG maintained high debt level driven by ongoing project investments. Thanks to the ongoing support from the local government, CCDG maintained moderate debt leverage. The Company also maintained a balanced debt structure. In addition, considering the large capital expenditure needs of the Company's projects under construction or planning, we expect its debt leverage will moderately increase over the next 12-18 months.

Rating Outlook

The stable outlook on CCDG's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its dominant role in the regional development and provision of public services in Changchun City.

What could upgrade the rating?

The rating could be upgraded if (1) the Changchun Municipal Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support such as consistently increasing government payments that covers the Company's operational and debt-serving needs.

What could downgrade the rating?



The rating could be downgraded if (1) the Changchun Municipal Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as deteriorated debt management and financing ability, or materially increased exposure to commercial activities.

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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