

CCXAP assigns BBB_g+ to Zhejiang Changxing Financial Holdings Group Co., Ltd.'s proposed USD green bonds

Hong Kong, 5 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed USD green bonds to be issued by Zhejiang Changxing Financial Holdings Group Co., Ltd. (“ZCFH” or the “Company”) (BBB_g+ /stable).

The bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of ZCFH, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the net proceeds for repayment of existing offshore indebtedness in accordance with the Green Finance Framework.

Corporate Profile

Founded in 2011, ZCFH is one of the predominant state-owned capital management and industrial investment enterprises in Changxing County. The Company is mainly engaged in land development and infrastructure construction in Changxing County. In addition, the Company also conducts commercial business such as commercial trading, financial investment, and tourism. As of 31 December 2024, the Company was wholly owned and controlled by the Changxing Finance Bureau.

Rating Rationale

ZCFH’s senior unsecured debt rating is in line with its long-term credit rating. We believe that government support will flow through the Company given its role as the primary platform for land development and infrastructure construction in Changxing County, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of ZCFH reflects Changxing County Government’s strong capacity and extremely high willingness to provide support to the Company, based on our assessment of the Company’s characteristics. Our assessment of Changxing County Government’s capacity to provide support reflects its economic importance in Huzhou City, with good economic strength and moderate fiscal metrics.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important position in land development and infrastructure construction of Changxing County; (2) good track record of receiving government payments; and (3) good access to various funding sources. However, the rating is constrained by the Company’s (1) medium commercial business risk; (2) increasing debt burden and moderate asset liquidity; and (3) medium contingent liability risks in external guarantees.

Rating Outlook

The stable outlook on ZCFH's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important role in land development and infrastructure construction in Changxing County.

What could upgrade the rating?

The rating could be upgraded if (1) the local 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 support, such as reduced exposure to commercial activities or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local 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 support, such as decreased strategic significance or reduced government payments.

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

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