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## **CCXAP assigns BBB<sub>g</sub>+ to Zhuzhou City Construction Development Group Co., Ltd.'s proposed USD sustainability bonds**

Hong Kong, 12 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB<sub>g</sub>+ to the proposed USD sustainability bonds to be issued by Zhuzhou City Construction Development Group Co., Ltd. (“ZCDG” or the “Company”) (BBB<sub>g</sub>+ /Stable).

The bonds will constitute direct, unconditional, unsubordinated, and unsecured obligations of ZCDG, 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 refinancing eligible sustainable projects and existing offshore indebtedness.

### **Corporate Profile**

Established in 2003, ZCDG is the most important local infrastructure investment and financing company, holding the position of the largest state-owned operation platform in Zhuzhou City in terms of asset size. The Company is mainly responsible for infrastructure construction and land consolidation in the region. It also provides key public utility services in Zhuzhou City, including natural gas, water supply, sewage treatment, and public transportation. In addition, the Company is engaged in commercial activities such as engineering construction, property development, and trading businesses.

As of 30 September 2024, ZCDG was 90% owned by Zhuzhou City Development Group Co., Ltd., with Hunan State-owned Investment Marketing Co., Ltd. holding the remaining 10%. Its ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of Zhuzhou Municipal Government (“Zhuzhou SASAC”).

### **Rating Rationale**

ZCDG’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its status as essential role in infrastructure construction and land consolidation in Zhuzhou City, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB<sub>g</sub>+ long-term credit rating of ZCDG reflects Zhuzhou Municipal Government’s (1) very strong capacity to provide support; and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Zhuzhou Municipal Government’s capacity to provide support reflects Zhuzhou City’s economic importance in Hunan Province and its key role in the Changsha-Zhuzhou-Xiangtan Economic Integration Area, with ongoing economic growth.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) essential role in infrastructure construction and public services in Zhuzhou City; (2) good track record of receiving government support and (3) good access to funding. However, the rating is constrained by the Company’s (1) medium exposure to

commercial activities; (2) increasing debt burden and high debt leverage and (3) moderate asset liquidity.

### **Rating Outlook**

The stable outlook on ZCDG's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Zhuzhou City.

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

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as improvement in debt leverage or assets quality.

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

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as decrease in its strategic significance; decrease in government payments; or increase in 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**

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