

CCXAP affirms UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 6 August 2025 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd. ("UCDI" or the "Company")'s long-term credit rating at BBB_g+, with stable outlook.

The BBB_g+ long-term credit rating of UCDI is underpinned by the Company's (1) status as the important industrial investment platform in Urumqi Economic and Technological Development Zone ("Urumqi ETDZ"), with strong regional competitiveness in industrial park development, property leasing, and urban services businesses; (2) diversified sources of revenue; and (3) diversified financing channels. However, the rating is also constrained by the Company's (1) relatively weak profitability, with limited revenue scale from industrial park projects; and (2) high debt leverage with capital expenditure pressure.

The rating also reflects a high likelihood of government support from Urumqi ETDZ Government when needed, which is based on the Company's (1) direct ownership and control by the State-owned Assets Supervision and Administration Commission of Urumqi Economic and Technological Development Zone (Toutunhe District) ("Urumqi ETDZ SASAC"); (2) importance as industrial investment platform and urban services provider in Urumqi ETDZ; and (3) good track record of receiving government support.

Corporate Profile

Founded in 1992, UCDI is an important state-owned industrial investment platform in Urumqi ETDZ (Toutunhe District), mainly engaging in industrial park development, property leasing, and urban services in the region. The Company has also diversified into property development and trading businesses. As of 31 March 2025, the Company was wholly owned and directly controlled by the Urumqi ETDZ SASAC.

Rating Rationale

Credit Strengths

Important industrial investment platform in Urumqi ETDZ, with strong regional competitiveness in industrial park development, property leasing, and urban services businesses. As an important state-owned industrial investment platform in Urumqi ETDZ, UCDI has focused on the investment and operation of advanced manufacturing, textiles and clothing, software and information technology services.

Diversified sources of revenue. UCDI has also participated in other business activities, such as property development, trading, and other businesses in Urumqi ETDZ, forming a relatively diversified business portfolio. UCDI's other businesses include property and catering management services, human resources services, and parking lot operations.

Diversified financing channels. UCDI's weak debt servicing capability can partly be mitigated by good access to multiple financing channels, as reflected by its sufficient credit facilities and access to capital markets. The Company's debt continues to be primarily financed through bank loans and bond issuance, alongside a relatively low scale of non-standard financing.

High likelihood of support from Urumqi ETDZ Government. We expect UCDI has a high likelihood of government support from Urumqi ETDZ Government when needed, which is based on the Company's (1) direct ownership and control by the Urumqi ETDZ SASAC; (2) importance as industrial investment platform and urban services provider in Urumqi ETDZ; and (3) good track record of receiving government support.

Credit Challenges

Relatively weak profitability, with limited revenue scale from industrial park projects. The Company's profitability remains relatively weak. Property leasing remains the main profit contributor, with a high gross profit margin of 78.9%. Its EBIT margin slightly increased from 18.8% in 2023 to 22.2% in 2024, while the return on assets remained low at around 1.5% in 2024.

High debt leverage with capital expenditure pressure. Affected by the continuous financing demand and slow payment collection from construction projects, UCDI's debt leverage continues to increase. As of 31 March 2025, the Company's adjusted total debt amounted to RMB24.6 billion from RMB20.0 billion at end-2023, with high total capitalization ratio of 66.7%. Given the large investment scale and long payback period of ongoing industrial park development projects, the Company will continue to rely on external financing to meet its future capital needs.

Weak debt servicing capability. Due to the Company's high debt burden and relatively weak profitability, UCDI has modest stand-alone credit profile. Its total debt/EBITDA ratio increased from 37.4x in 2023 to 39.8x in 2024, while its EBITDA interest coverage ratio increased from 0.5x to 0.7x over the same period, indicating weak debt servicing capability.

Rating Outlook

The stable outlook on UCDI's rating reflects our expectation that the Company will maintain its strategic role as the important industrial development platform in Urumqi ETDZ. We also expect that as a local state-owned enterprise, the Company will continue to receive ongoing government support over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from Urumqi ETDZ Government increases; and (2) the Company's stand-alone credit profile improves significantly, such as improvement in profitability and leverage.

What could downgrade the rating?



The rating could be downgraded if (1) the likelihood of support from Urumqi ETDZ Government decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in debt leverage or liquidity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Rating Methodology for General Corporate \(April 2019\)](#).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

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