

CCXAP assigns BBB_g to Zhengding State-owned Assets Holding and Operating Group Co., Ltd.'s proposed USD bonds

Hong Kong, 2 September 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g to the proposed USD bonds to be issued by Zhengding State-owned Assets Holding and Operating Group Co., Ltd. (“ZDSH” or the “Company”) (BBB_g /stable).

The bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of ZDSH, 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 from the offering of the bonds for project construction and replenishment of working capital.

Corporate Profile

Established in October 2022, ZDSH is the main urban and rural construction and development investment and financing entity, urban operation entity, as well as industrial cultivation entity in Zhengding County. Guided by the local government, the Company consolidated 9 local state-owned enterprises in Zhengding County from 2022 to 2023 and is responsible for infrastructure construction, water supply operation, maintenance service and affordable housing operation in Zhengding County. ZDSH also has diversified its business into commercial activities such as supermarket operation, grain and oil sales, trading, sand and gravel sales, charging pile operation, and cultural tourism. As of 30 June 2025, the Company is wholly and directly owned by the Finance Bureau of Zhengding County.

Rating Rationale

The rating of the senior unsecured bonds is equivalent to ZDSH’s long-term credit rating. We believe that government support will flow through the Company given its important position in urban and rural construction as well as city operation in Zhengding County, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g long-term credit rating of ZDSH reflects Zhengding County Government’s strong capacity to provide support and its very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Zhengding County Government’s capacity to provide support reflects Zhengding County’s well-defined functional position and increasing economic growth, but constrained by its unstable fiscal revenue structure and relatively high debt burden.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important role in urban and rural construction, urban operation, and industrial incubation of Zhengding County; and (2) good track record of receiving government support. However, the Company’s rating is constrained by the Company’s (1) rapid debt growth with large capital expenditure pressure; and (2) relatively weak asset liquidity.

Rating Outlook

The stable outlook on ZDSH's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic role in the development of Zhengding County.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as improved debt management or diversified funding channels.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as reduced regional significance or deteriorated financing ability.

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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