

CCXAP affirms Guocheng (Zhejiang) Industrial Development Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook

Hong Kong, [] October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Guocheng (Zhejiang) Industrial Development Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of GZID reflects the Company's (1) status as the important industrial investment entity in Anji Economic and Development Zone (“Anji EDZ”); and (2) good market position in property leasing and equity investment in Anji EDZ. However, the rating is constrained by the Company's (1) small revenue scale and moderate profitability, with uncertainty in equity investment return; and (2) increasing debt burden and modest credit metrics.

The rating also reflects GZID's high likelihood of receiving support from the local government and its shareholders, given its (1) ultimate ownership and control by Anji County Government; (2) status as important industrial investment entity in Anji EDZ; and (3) track record of receiving government support.

Corporate Profile

Founded in 2009, GZID is an important state-owned industrial investment entity in Anji EDZ, which carries out equity investment and property leasing. Besides, the Company also conducts trading and provides factoring services in the region. In November 2024, Anji EDZ Management Committee transferred all shares of Zhejiang Liangshan Hi-tech Holding Group Co., Ltd. (“LHHG”) to Zhejiang Guochuang Holding Group Co., Ltd.. As of 30 June 2025, the Company was wholly owned by Zhejiang Liangshan Intelligent Control Technology Industrial Investment Group Co., Ltd. (“LIIG”), with Anji County Finance Bureau being its ultimate controller.

Rating Rationale

Credit Strengths

Important industrial investment entity in Anji EDZ. The Company serves as a crucial state-owned industrial investment and asset management platform in Anji EDZ. Its core businesses encompass investment attraction, equity investment, and the operation and management of assets within the zone. In line with the regional industrial development strategy, the Company primarily engages in fund investments and property leasing, playing a significant role in local industrial guidance, cultivation, and transformation.

Good market position in property leasing and equity investment in Anji EDZ. GZID's equity investment business mainly involves establishing equity funds. The Company's equity investment focuses on four emerging industries in Anji EDZ, including healthcare, electronics information, high-end equipment and new materials. Besides, GZID also conducts property leasing business in Anji EDZ, involving the leasing of self-owned properties, industrial plants, and offices.

High likelihood of support from the local Government. GZID has high likelihood of receiving support from the local government and its shareholders, given its (1) ultimate ownership and control by Anji County Finance Bureau; (2) status as important industrial investment entity in Anji EDZ; and (3) track record of receiving government support.

Credit Challenges

Small revenue scale and moderate profitability, with uncertainty in equity investment return. The Company maintains a relatively small revenue scale, with total revenue reaching RMB147.6 million, a year-on-year (“YoY”) increase of 32.5%. The Company's profitability remains moderate, characterized by high EBIT margins but low returns on assets. Given the inherent uncertainty in realizing returns from its equity investment portfolio, the Company's overall profitability is expected to remain modest over the next 12 to 18 months.

Increasing debt burden and modest credit metrics

The Company's adjusted total debt increased from RMB2.0 billion at end-2023 to RMB3.4 billion at mid-2025, with a manageable total capitalization ratio of 34.2%. The Company's stand-alone credit profile is moderate. As investment income increased, its total debt/EBITDA ratio improved to 8.6x in 2024 from 14.5x in 2023, while EBITDA-to-total interest coverage improved to 1.9x in 2024 from 1.7x in 2023. In addition, the Company's cash flow to debt coverage remains weak. At the end of 2024, funds from operations increased to RMB143.8 million in 2024, representing 5.3% of its total debt.

Rating Outlook

The stable outlook on GZID's rating reflects our expectation that the Company will maintain regional competitiveness in industrial investment and property leasing business in Anji EDZ, and as a local state-owned enterprise, the Company will receive ongoing support from the local government and its shareholders over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of shareholder and government support for the Company increases; and (2) the Company's stand-alone credit profile improves significantly, such as improvement in debt structure and leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of shareholder and government support for the Company 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 [General Corporate \(April 2019\)](#).



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