CCXAP affirms Chuzhou Economic and Technological Development General Corporation's long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 6 November 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed Chuzhou Economic and Technological Development General Corporation's long-term credit rating at BBB_g, with stable outlook.

The BBB_g long-term credit rating of Chuzhou Economic and Technological Development General Corporation ("CETD" or the "Company") reflects the local government's (1) strong capacity to provide support; and (2) extremely high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of the local government's capacity to provide support reflects the status of Chuzhou Economic and Technological Development Zone ("Chuzhou ETDZ") as a national-level ETDZ with improving economic strength and favorable fiscal conditions.

The rating also reflects the local government's willingness to provide support, based on the Company's (1) pivotal role as primary entity for infrastructure construction and state-owned asset operation in Chuzhou ETDZ; (2) good track record of receiving government payments; and (3) good access to funding from banks and the bond market. However, the rating is constrained by the Company's (1) moderate exposure to commercial activities; (2) relatively high debt burden and short-term debt repayment pressure; and (3) modest asset quality.

Corporate Profile

Founded in 1993, CETD is wholly owned and ultimately controlled by the Management Committee of Chuzhou ETDZ. The Company is the most important local infrastructure investment and financing company ("LIIFC") in Chuzhou ETDZ, responsible for the local public policy activities such as infrastructure construction and primary land development. It is also engaged in commercial activities such as supply chain, property leasing, and industrial investment businesses.

Rating Rationale

Credit Strengths

Pivotal role as primary entity for infrastructure construction and state-owned asset operation in Chuzhou ETDZ. As the key infrastructure construction and state-owned asset operation entity in Chuzhou ETDZ, CETD plays a significant role in public policy-related businesses. It undertakes numerous infrastructure construction projects including resettlement housing development, municipal road construction, and land transfer activities in Chuzhou ETDZ. The Company maintains strong regional franchise advantages and has made substantial contributions to local socioeconomic development, facilitating investment attraction and enhancing industrial chain development in Chuzhou ETDZ.

Good track record of receiving government payments. As a key entity for infrastructure construction, investment and financing in Chuzhou ETDZ, CETD holds a pivotal position and has maintained a strong track record in receiving local government support, including fiscal subsidies, capital injections and special bond funds. Given the Company's essential role and its close relationship with the local government, we expect continued support from regional authorities in the foreseeable future.

Good access to funding from banks and the bond market. CETD has good access to financing channels, mainly including bank loans and bond financing, accounting for 26.6% and 59.3% of total debts respectively as of 30 June 2025. The Company maintains solid cooperation with multiple commercial banks and has sufficient standby liquidity. As of 30 June 2025, the Company had obtained a total credit facilities of RMB28.1 billion, of which RMB18.8 billion had been unused, accounting for 67.0% of the total credit facilities. Moreover, the Company's current bond financing channels are relatively smooth. From January 2024 to August 2025, the Company and its subsidiaries raised RMB8.3 billion in the onshore debt market by issuing various types of bonds, including corporate bonds, MTNs, CPs, and PPNs. Also, in 2023, the Company issued 2 tranches of three-year offshore bonds to raise RMB960 million, further diversifying its financing channels.

Credit Challenges

Moderate exposure to commercial activities. The Company's commercial activities include supply chain, property leasing such as equipment and vehicles, sales of plant, loan services, industrial investment and self-operated projects construction. We estimate that the Company's commercial exposure is moderate with the assets of commercial activities accounting for 25%-30% of its total assets. Although, the commercial activities can provide supplementary income to the Company. They also bring certain capital expenditure pressure at the same time.

Relatively high debt burden and short-term debt repayment pressure. Owing to its downsizing in the construction of public-policy projects, CETD's debt leverage has declined with moderate fluctuations in total debt. As of 30 June 2025, the Company's total debt decreased slightly to RMB27.4 billion from RMB29.4 billion at the end of 2023. In addition, its capitalization ratio slightly declined from 63.8% to 59.4%, remaining at a relatively high level. Furthermore, the Company faces high short-term debt repayment pressure. As of 30 June 2025, its short-term debt amounted to RMB13.5 billion, representing 49.3% of total debt. Meanwhile, after excluding restricted cash, the cash to short-term debt ratio was merely 0.2x, indicating that its cash reserves are insufficient to fully cover short-term debt.

Modest asset quality. CETD's asset quality is moderate, characterized by weak asset liquidity but stable profitability. As of 30 June 2025, the Company's total assets mainly consisted of receivables, inventories, and investment properties, representing 74.7% of the total assets. However, the Company's land assets and operational properties can generate stable income. Additionally, long-term equity investments and other non-current financial assets, primarily derived from equity and fund investments, accounted for 8.9% of total assets, providing supplementary income and cash flow.

Rating Outlook

The stable outlook on CETD's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important role in the development of Chuzhou ETDZ over the next 12 to 18 months.

What could upgrade the rating?

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

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 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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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Iris Chen
Credit Analyst
+852-2860 7132
iris_chen@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656