
CCXAP affirms Changxing Urban Construction Investment Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 23 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Changxing Urban Construction Investment Group Co., Ltd. (“CUCI” or the “Company”) long-term credit rating at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating of BBB_g+

The BBB_g+ long-term credit rating of CUCI reflects Changxing County 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 Changxing County Government’s capacity to support reflects its ranking of 58th among the Top 100 Economic Counties in China in 2025, with sound economic strength and moderate fiscal metrics.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) dominant position of infrastructure development and public services in Changxing County; (2) good track record of receiving ongoing government payments; and (3) access to diversified funding channels. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing leverage and weak asset liquidity; and (3) medium contingent liability risk from external guarantees provided to other SOEs.

Corporate Profile

Established in 2007, CUCI is one of the key local infrastructure investment and financing companies (“LIIFCs”) in Changxing County, Huzhou City. The Company mainly engages in infrastructure construction, primary land consolidation, property development, trading, as well as city operations such as water supply in Changxing County. In 2025, as part of the state-owned enterprise equity restructuring in Changxing County, the Company gratuitously transferred out its subsidiaries including Changxing Kechuang Industry Development Group Co., Ltd. and Changxing Media Group Co., Ltd. As a result, the Company no longer consolidates businesses such as labor dispatch and media, which had a material impact on its capital structure and profitability. The assets transferred out represented approximately 11.3% of the Company’s total assets and 8.9% of its total revenue as of end-2024. As of 31 March 2026, Zhejiang Changxing State-owned Assets Investment Holdings Group Co., Ltd. (“CXSI”), Zhejiang Changxing Innovation Investment Group Co., Ltd., and Zhejiang Caikai Group Co., Ltd. held 69.57%, 24.78%, and 5.65% of the Company’s equity, respectively. The actual controller is the State-owned Assets Supervision and Administration Office of Changxing County People’s Government (“Changxing SASAO”).

Rating Rationale

Credit Strengths

Dominant position in infrastructure development and public services in Changxing County. Changxing County’s development is supported by four key LIIFCs, each with a distinct position under the municipal planning. The Company’s controlling shareholder, CXSI, serves



as the core urban construction and operation entity as well as a key industrial investment platform in Changxing County. CUCI maintains its position as a primary investment and construction platform, specializing in public sector activities including infrastructure development, land consolidation, and water supply services. Given CUCI's dominant position in local development and the essential nature of its public service operations, we believe its role is irreplaceable in the medium to long term.

Good track record of receiving ongoing government payments. The local government provides strong support, in terms of capital injection, asset injection and financial subsidies, to the Company to support its business development and enhance its assets. Given CUCI's important role in the development of Changxing County, we expect the local government will continue to provide ongoing support to the Company.

Access to diversified funding channels. The Company's large investment needs are supported by its diversified financing channels. The Company has access to various sources of funding, including bank loans, onshore and offshore bond financing and non-standard financing. The Company has moderate exposure to non-standard financing, with its non-standard financing accounting for about 15.2% of its total debt at end-2025.

Credit Challenges

Medium exposure to commercial activities. CUCI is also engaged in commercial activities such as property development, trading, and engineering construction. In 2025, following the transfer of several subsidiaries, the Company exited operations in human resources services, urban public parking management, funeral services, supermarket operations, media, and tourism. We consider CUCI's commercial business exposure to be medium, as its market-driven businesses account for around 30% of its total assets.

Increasing leverage and weak asset liquidity. The Company's leverage continued to increase due to ongoing investment needs. We expect the Company's leverage to remain at a high level in the next 12 to 18 months, given its large capital expenditure needs for its extensive construction projects in the pipeline. The Company's asset liquidity is weak as they are mainly inventories and receivables with weak liquidity. The Company's restricted assets totaled RMB3.2 billion at end-2025, accounting for 4.3% of its total assets.

Medium contingent liability risk from external guarantees provided to other SOEs. The Company is exposed to a medium contingent liabilities risk. As of 31 December 2025, the Company had outstanding external guarantees of RMB13.7 billion, accounting for 47.7% of its total equity. Those guaranteed entities are state-owned enterprises ("SOE") in Changxing County, without counter-guarantee measures. The credit risk of the Company and other local SOEs might be heightened if one guaranteed entity suffers from credit issues.

Rating Outlook

The stable outlook on CUCI's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important role in the

public welfare functions in Changxing County over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decrease in exposure to commercial activities; or improvement in assets quality.

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 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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