CCXAP assigns first-time long-term credit rating of A_g to Fujian Zhangzhou City Investment Group Co., Ltd., with stable outlook.

Hong Kong, 14 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of A_g to Fujian Zhangzhou City Investment Group Co., Ltd., with stable outlook.

The A_g long-term credit rating of ZCIG reflects (1) Zhangzhou City Government's very strong capacity to provide support; and (2) the local government's extremely high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Zhangzhou City Government's capacity to support reflects the Zhangzhou City's economic importance in Fujian Province and geographical advantages, with ongoing economic growth.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) important infrastructure construction entity in Zhangzhou City; (2) high sustainability of infrastructure construction business; and (3) track record of receiving government support. However, the rating is constrained by the Company's (1) medium exposure to commercial business activities; (2) rapid debt growth and high short-term repayment pressure; and (3) weak asset liquidity.

Corporate Profile

Established in 2014, ZCIG is one of the most important local infrastructure investment and financing companies in Zhangzhou City, focusing on urban infrastructure construction and affordable housing development. The Company also engages in some commercial activities such as commodity sales, property development, as well as property and security services. As of 31 March 2026, the State-owned Assets Supervision and Administration Commission of Zhangzhou Municipal Government ("Zhangzhou SASAC") held 90% of the Company's shares, while Fujian Provincial Department of Finance held the remaining 10%. Zhangzhou SASAC is the Company's ultimate controlling shareholder.

Rating Rationale

Credit Strengths

Important infrastructure construction entity in Zhangzhou City. As one of the most important infrastructure construction entities in Zhangzhou City, the Company undertakes the construction of essential municipal infrastructure and associated public facilities, including roads, sewage networks, properties, and landscaping. The Company is mandated by the local government to undertake local public activities, such as urban infrastructure construction and affordable housing construction.

High sustainability of infrastructure construction business. ZCIG is entrusted by the local government to undertake the infrastructure and affordable housing construction in the urban district of Zhangzhou City as well as Zhangpu County of Zhangzhou City. The Company had successfully delivered a series of engineering projects over the past few years. We expect that the sufficient projects in the pipelines can ensure the sustainability of the infrastructure construction business, but exert certain capital expenditure pressure to the Company.

Track record of receiving government support. As an important state-owned enterprise in Zhangzhou City, ZCIG has a track record of receiving support from the local government, which include subsidies, capital injections, and equity transfers. Overall, given its important position and contribution to regional economic development, we believe that ZCIG will receive ongoing government support.

Credit Challenges

Medium exposure to commercial activities. In addition to public activities, ZCIG is also involved in various commercial activities such as commodity sales, property development, as well as property and security services. We consider ZCIG's commercial business exposure to be medium, as its market-driven businesses account for around 20% of its total assets.

Rapid debt growth and high short-term debt repayment pressure. The Company's adjusted total debt (including perpetual debt securities) increased from RMB38.4 billion at end-2023 to RMB63.7 billion at end-2026Q1, with total capitalization of 71.8%. In addition, the Company has a high short-term debt repayment pressure, with short term debt ratio of 55.2% and cash to short-term debt ratio of 0.1x at end-2026Q1.

Weak asset liquidity. The Company's total assets mainly consist of inventories, investment properties, and other non-current assets, which totally accounted for 67.9% of its total assets as of 31 March 2026. The inventories and other non-current assets are mainly development costs for infrastructure construction and PPP projects, while investment properties are mainly leasable properties, all of which are considered low liquidity.

Rating Outlook

The stable outlook on ZCIG's rating reflects our expectation that for the next 12 to 18 months, the Company will maintain its important role in infrastructure construction in Zhangzhou City, and Zhangzhou City Government's capacity to provide support will remain stable.

What could upgrade the rating?

The rating could be upgraded if (1) Zhangzhou City 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 stronger importance of its policy role, or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Zhangzhou City 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 importance of its policy role, or deteriorated debt management.

中誠信亞太 CCXAP

Rating Methodology

The methodology used in ZCIG's rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies (July 2022).

Regulatory Disclosures

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