

## Credit Opinion

9 June 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB <sub>g</sub>
Outlook	Stable

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## Zhuzhou Geckor Group Company Ltd

### Surveillance credit rating report

### CCXAP affirms Zhuzhou Geckor Group Company Ltd's long-term credit rating at BBB<sub>g</sub>, with stable outlook.

#### Summary

The BBB<sub>g</sub> long-term credit rating of Zhuzhou Geckor Group Company Ltd ("Zhuzhou Geckor" or the "Company") reflects (1) the local government's very strong capacity to provide support, and (2) the local government's 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 Zhuzhou City's economic importance in Hunan Province and Zhuzhou Hi-tech Zone's ongoing economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) leading position in Zhuzhou High-tech Zone, supported by strong business sustainability and abundant land reserves; and (2) good track record of receiving government support.

However, the rating is constrained by the Company's (1) increasing exposure to commercial risks, influenced by regional policy and land market fluctuations; and (2) high debt leverage with short-term debt pressure and moderate asset liquidity.

The stable outlook on Zhuzhou Geckor's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its monopoly market position in Zhuzhou High-tech Zone.

## Rating Drivers

- Leading position in Zhuzhou High-tech Zone, supported by strong business sustainability and abundant land reserves
- Good track record of receiving government support
- Increasing exposure to commercial risks, influenced by regional policy and land market fluctuations
- High debt leverage with short-term debt pressure
- Moderate asset liquidity
- Good access to funding with reliance on external financing

## Rating Sensitivities

### 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 improvement in debt management or decrease in exposure to commercial activities.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide 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 weakened funding capabilities.

## Key Indicators

	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	91.8	95.7	96.6	97.1
Total Equity (RMB billion)	33.1	32.4	32.4	32.4
Total Revenue (RMB billion)	6.1	6.1	4.4	0.9
Total Debt/Total Capital (%)	59.7	60.4	60.4	60.8

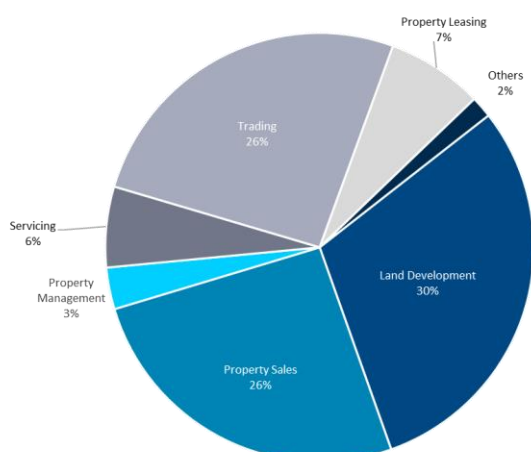
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

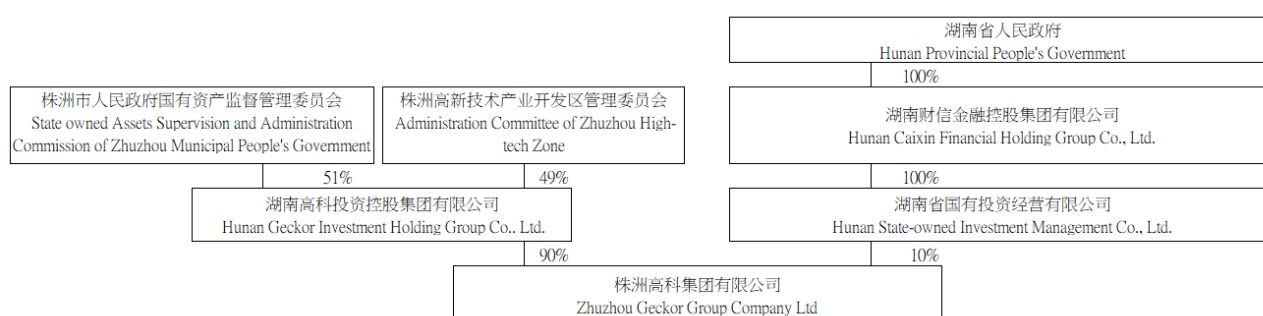
Established in 1999, Zhuzhou Geckor is the sole primary land developer for the Hexi Demonstration Park of Zhuzhou High-tech Zone. Positioned to support the industrialization and urbanization of Zhuzhou High-tech Zone, the Company is mainly responsible for primary land development, property development and management, and supporting services. As of 31 May 2025, Hunan Geckor Investment Holding Group Co., Ltd. ("Hunan Geckor") held 90% of the Company's shares and Hunan State-owned Investment Management Co., Ltd. held the remaining 10% of the shares. In May 2025, the Management Committee of Zhuzhou High-Tech Industrial Development Zone has transferred its 51% equity stake in Hunan Geckor to the State-owned Assets Supervision and Administration Commission of Zhuzhou Municipal Government ("Zhuzhou SASAC") without compensation. Following the transfer, Zhuzhou SASAC became the ultimate controlling shareholder of the Company.

## Exhibit 1. Revenue structure in 2024



Source: Company information, CCXAP research

## Exhibit 2. Shareholding and organization chart as of 31 May 2025



Source: Company information, CCXAP research

## Rating Considerations

### Government Capacity to Provide Support

We believe the local government has a strong capacity to provide support given its economic importance in Hunan Province, with ongoing economic growth and improving fiscal balance.

Located in the east of Hunan Province, Zhuzhou City is a key city in the Changsha-Zhuzhou-Xiangtan Economic Integration Area. It is also one of the most important transportation hubs in central China, with the Beijing-Guangzhou Railway and the Shanghai-Kunming Railway lines intersecting in the city. The pillar industries in Zhuzhou have formed a “3+5” industrial layout, including core industries of rail transportation, aviation, and automobile, and emerging industries of new energy, new materials, electronic information, bio-pharmaceutical, and environmental protection. In 2024, Zhuzhou City recorded gross regional product (“GRP”) of RMB390.2 billion, ranking 5<sup>th</sup> by GRP among 14 prefecture-level cities in Hunan Province, with a year-on-year (“YoY”) increase of 5.5%. The general budgetary revenue of Zhuzhou City increased slightly from RMB19.2 billion in 2023 to RMB19.5 billion in 2024, with tax income accounting for 61.2% of its fiscal revenue in 2024. Nevertheless, Zhuzhou City’s fiscal balance has improved with the ratio of general budgetary revenue to general budgetary expenditure from 32.5% in 2023 to 41.5% in 2024. As of end-2024, the government debt balance of Zhuzhou was RMB144.4 billion, accounting for 37.0% of GRP.

**Exhibit 3. Key economic and fiscal indicators of Zhuzhou City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	361.7	366.8	390.2
GRP Growth (%)	4.5	5.2	5.5
General Budgetary Revenue (RMB billion)	19.1	19.2	19.5
General Budgetary Expenditure (RMB billion)	54.1	59.2	47.0
Local Government Debt (RMB billion)	101.4	118.0	144.4

Source: Statistic Bureau of Zhuzhou City, CCXAP research

Located on the west bank of the Xiang River in Zhuzhou, Zhuzhou High-tech Zone (Tianyuan District) was established in May 1992 and was approved as a state-level High-tech Zone in December 1992. It was ranked 35<sup>th</sup> in China's Top 50 National High-tech Zones by the Ministry of Industry and Information Technology, while also ranking 46<sup>th</sup> in the Top 100 National High-Quality Development Parks. It consists of four main industrial parks (namely Hexi Demonstration Park, Tianxin Industrial Park, Dongjiaduan Industrial Park, and Jinshan Science & Technology Industrial Park), with a total area of 327.6 square kilometers ("km<sup>2</sup>") and over 484 thousand permanent residents. Zhuzhou High-tech Zone has achieved robust industrial development in recent years. It has developed the China Power Valley Exhibition Center as the premier demonstration platform for the Changsha-Zhuzhou-Xiangtan National Innovation Demonstration Zone's achievements. Leveraging on the development of pillar industries such as auto parts, electronic information, and bio-pharmaceutical, Zhuzhou High-tech Zone has achieved ongoing economic growth. In 2024, GRP of Zhuzhou High-tech Zone increased by 4.3% YoY to RMB60.0 billion. However, affected by reducing real estate tax revenue under a downturn period, its general budgetary revenue amounted decreased from RMB4.6 billion in 2023 to RMB4.2 billion in 2024, with the proportion of tax revenue decreasing from 88.3% to 84.2% in the same period. Besides, Zhuzhou High-tech Zone has good fiscal balance as reflected by its general budgetary revenue to general budgetary expenditure ratio of 103.3%. As of end-2024, the government debt balance in Zhuzhou High-tech Zone was RMB13.1 billion, accounting for 21.9% of GRP.

**Government Willingness to Provide Support****Leading position in Zhuzhou High-tech Zone, supported by strong business sustainability and abundant land reserves**

Zhuzhou Geckor maintains a leading position in district-level investment and financing platform in Zhuzhou High-tech Zone operating under its holding Company Hunan Geckor. The Company specializes in industrial park development, urban development, and related services through its subsidiaries, with the strategic objective of creating premium investment conditions. Given its leading position in Zhuzhou High-tech Zone, the Company maintains an irreplaceable competitive advantage that is expected to persist long-term.

Commissioned by the Administration Committee of Zhuzhou High-tech Zone to undertake land acquisition and demolition, levelling, and road pavement, Zhuzhou Geckor is the sole primary land developer for Hexi Demonstration Park (including Tanyes Technology Park) of Zhuzhou High-tech Zone. The Company maintains strong sustainability in its primary land development business, underpinned by an adequate pipeline of land reserve projects. Nevertheless, they have exerted large capital expenditure pressure on the Company. As of 31 March 2025, the Company continues engaging in the land development and industrial park construction projects of 5 major industrial zones and 5 key districts, with total planned area of 116.0 thousand mu, with invested RMB52.3 billion and 864.8 mu land remaining for sale. Besides, with the aim to attract investments and promote the development of local industries, the Company plans to focus on the development of the Auto Expo Park and

the Xinma Industrial Park in the future. However, this business is susceptible to land policies and market conditions.

The Company is also responsible for the construction and development of public rental housing in the region, which mainly serves the employees of the attracted enterprises. The public rental housing business has played an important role in attracting talents and promoting investment in Zhuzhou High-tech Zone. As of 31 March 2025, Zhuzhou Geckor had completed 7 public rental housing projects, with total leasable area of 283.2 thousand square meters (“sqm”) and leased area of 176.9 thousand sqm, achieving a good occupancy rate of approximately 70%. However, these projects have long payback period. Besides, the Company had no public rental housing projects under construction or planning.

### **Increasing exposure to commercial risks, influenced by regional policy and land market fluctuations**

Zhuzhou Geckor's commercial businesses include sale and leasing of properties, property management and servicing, industrial investment, trading, and engineering construction. It maintains moderate commercial risk exposure, primarily driven by regional policy adjustments and land market volatility, whose assets accounted for around 25-30% of total assets at end-2025Q1. Nevertheless, the Company has transferred out some subsidiaries engaged in industrial and fund investment operations. As most of its commercial activities are still conducted under government guidance with an aim at promoting the industrialization development of Zhuzhou High-tech Zone, we believe the Company's commercial risk is manageable.

Zhuzhou Geckor has been engaged in construction of industrial plants, commercial properties, and office buildings, which are sold or leased to the settled enterprises and its employees to attract investment in Zhuzhou High-tech Zone. There are still large capital needs from the property construction projects in the pipeline, exerting certain expenditure pressure to the Company. As of 31 March 2025, Zhuzhou Geckor had completed 10 industrial plants, with an invested amount of RMB8.1 billion, a total rentable and saleable area of 2.7 million sqm, a sold area of 1.4 million sqm, and a leased area of 597.1 thousand sqm. The Company had 12 industrial plants under construction or planning, with a total investment of RMB3.1 billion and an uninvested amount of RMB1.2 billion. Furthermore, Zhuzhou Geckor had completed an office building, with a total investment of RMB675.0 million, a total rentable and saleable area of 106.7 thousand sqm, a sold area of 48.0 thousand sqm, and a leased area of 45.5 thousand sqm. It also had an office building under construction, with a total investment of RMB486.0 million and an uninvested amount of RMB68 million. Besides, the Company had 10 completed property projects, with an invested amount of RMB4.7 billion and a recognized revenue of RMB4.8 billion. The Company also had 4 property projects under construction or planning, with estimated total investment of RMB3.3 billion and uninvested amount of RMB1.8 billion. Benefiting from relatively good selling and leasing progress, in 2024, the revenue from property sales increased by 55.3% YoY to RMB1.1 billion, while the revenue from property leasing increased by 85.2% YoY to RMB318.9 million. However, since the initial investment is large, coupled with the selling prices of these properties are largely affected by the downturn of the real estate market and investment promotion policies in Zhuzhou High-tech Zone, resulting in low profit margin in property sales, which was -12.7% in 2024.

Zhuzhou Geckor has started its trading business since 2020, with trading products mainly including non-ferrous metals and LED lamps. The trading business are one of the main income sources of the Company, accounting for about 26.0% of its total revenue with a relatively low gross profit margin of 0.5% in 2024. However, the main operation subsidiary of this sector, Zhuzhou Hi-Tech Industry Investment Group Co., Ltd., was transferred out in 2024, and the Company shifted its focus to selling electrolytic copper, gravel, zinc ingots, and non-metallic

mineral products, entering a more competitive market with relatively low profit margins, which are expected negatively impact the Company's future income.

Zhuzhou Geckor also involves property management, servicing, and scenic spot operation businesses. However, the income scale of these businesses is relatively small, making little contribution to the Company's revenue and profit.

### **Good track record of receiving government support**

Zhuzhou Geckor has a track record of receiving support from the local government in terms of subsidies, asset transfer, and capital injection. In 2020, The Administration Committee of Zhuzhou High-tech Zone has transferred the equity of Hunan Tianyi Group Co., Ltd to the Company, greatly expanding its business scope. From 2023 to 2025Q1, the Company had received government subsidies of over RMB354.3 million. We expect that the Company will continue to receive support from the local government given its important position in Zhuzhou High-tech Zone and close relationship with the local government.

### **High debt leverage with short-term debt pressure**

Due to the transferring out of some subsidiaries, the Company's debt has demonstrated stable growth since 2024. As of 31 March 2025, the Company's total debt slightly decreased to RMB50.3 billion compared with RMB50.6 billion at end-2024Q1. And its total capitalization ratio was 60.8% at-end 2025Q1, indicating a relatively high debt leverage resulted by its ongoing capital expenditure. However, the Company is exposed to certain short-term debt repayment pressure. As of 31 March 2025, its short-term debt accounted for around 28.9% of total debt. Meanwhile, after excluding restricted cash, the cash to short-term debt ratio was 0.1x, indicating that its cash reserve could not fully cover the short-term debt. We expect that its debt leverage will maintain at a high level given the large capital needs from land development, property development and investment funds.

Zhuzhou Geckor maintains controllable contingent risks as the total amount of external guarantees accounted for a limited proportion at 8.1% of its net assets as of 31 March 2025, while 84.0% of the guarantees are provided to the local SOEs thereby further mitigating risk exposure.

### **Moderate asset liquidity**

Zhuzhou Geckor's asset liquidity is moderate, which may undermine its financing flexibility. The Company's total assets are mainly inventories and investment properties with relatively weak liquidity. As of 31 March 2025, the inventories mainly consisted of construction costs from the land and property development projects, accounting for 63.0% of total assets, while the investment properties mainly consisted of leased industrial plants and office buildings, accounting for 12.9% of total assets, providing supplementary income to the Company.

### **Good access to funding with reliance on external financing**

Zhuzhou Geckor has a good access to funding. The Company has maintained good relationship with large domestic commercial banks and policy banks, like Bank of Changsha and China Development Bank. As of 31 March 2025, it had obtained total bank credit facilities of RMB58.4 billion, with the unutilized portion of RMB23.6 billion, indicating sufficient standby liquidity. The Company is also an active issuer in bond market. As of 20 May 2025, the Company had outstanding onshore bonds of RMB26.5 billion through various bond products, including CPs, MTNs and corporate bonds. The Company had total outstanding offshore bonds of RMB363.0 million as of June 2024. However, the proportion of bond financing is relatively high, accounting for about 53.7% of its

total debt at end-2025Q1, which may be susceptible to debt capital market. In addition, the Company's exposure to non-standard financing is manageable, accounting for about 5.4% of total debts. Benefiting from special refinancing bonds for debt reduction, the regional financing situations have improved since the second half of 2023. However, considering that Zhuzhou Geckor has relatively high debt pressure and relies heavily on external financing, it is necessary to pay attention to the impact of changes in the financing policies.

## ESG Considerations

The Company is exposed to environmental risks because it has undertaken infrastructure construction and primary land development projects. Such risks could be moderated by conducting environmental studies and planning before the commencement of projects, and close supervision during the construction phase.

In terms of social concerns, the Company plays a crucial role in the social welfare of Zhuzhou City by providing public housing and supporting services for enterprises settled in Zhuzhou High-tech Zone.

In terms of corporate governance, the Company has higher requirements in terms of daily operation management and control of its subsidiaries. It has established a series of supervision in investment and financing management, budget management, external guarantee, safety and management of subsidiaries.

## Rating Methodology

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

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