

## Credit Opinion

13 February 2026

Ratings	
Senior Unsecured Debt Rating	A <sub>g</sub>
Long-Term Credit Rating	A <sub>g</sub>
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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## Kunshan Guochuang Investment Group Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms the long-term credit rating of Kunshan Guochuang Investment Group Co., Ltd. at A<sub>g</sub>, with stable outlook.**

### Summary

The A<sub>g</sub> long-term credit rating of Kunshan Guochuang Investment Group Co., Ltd. ("KGIG" or the "Company") reflects Kunshan City Government's excellent capacity and high willingness to provide support to the Company, based on our assessment of the Company's characteristics.

Our assessment of Kunshan City Government's capacity to provide support reflects its strong comprehensive strength, ranking 1<sup>st</sup> among the Top 100 counties/county-level cities in China, with good economic and fiscal profile.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) essential role in public policy activities of Kunshan Economic and Technological Development Zone ("Kunshan ETDZ") which has a leading position among the national-level ETDZs; (2) solid track record of receiving government payments; and (3) good access to financing channels.

However, the rating is constrained by the Company's (1) high exposure to commercial activities, the profitability of which is susceptible to economic and industry cyclicity; and (2) high financial leverage with short-term debt burden.

The stable outlook on KGIG's rating reflects our expectation that, in the next 12 to 18 months, the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role in Kunshan ETDZ.

## Rating Drivers

- Essential role in public policy activities of Kunshan ETDZ
- Track record of receiving government payments
- High financial leverage with the short-term debt burden
- High exposure to commercial activities, the profitability of which is susceptible to economic and industry cyclicality
- Good access to financing channels
- Moderate asset liquidity

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as decreasing exposure to commercial activities or improving debt management.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reducing strategic significance or weakening access to financing channels.

## Key Indicators

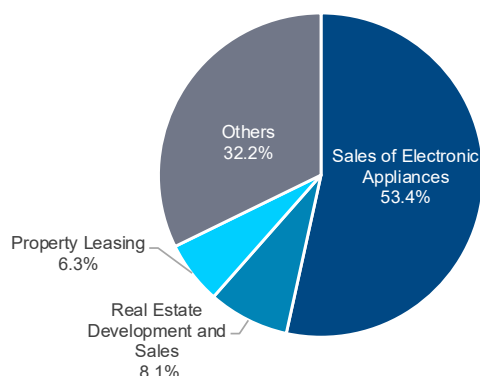
	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	98.2	105.2	110.4	118.7
Total Equity (RMB billion)	32.9	34.2	36.7	37.1
Total Revenue (RMB billion)	5.3	5.1	6.1	3.2
Total Debt/Total Capital (%)	67.5	68.7	69.3	71.5

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

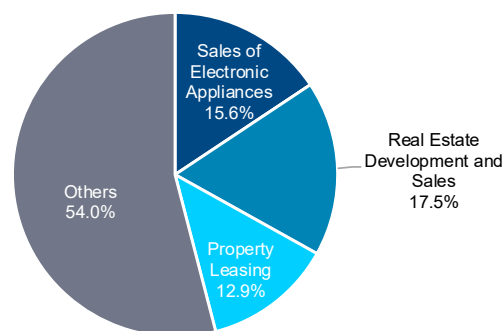
Source: Company data, CCXAP research

## Corporate Profile

Founded in 1992, KGIG is a local infrastructure investment and financing company ("LIIFC") in Kunshan City, Suzhou City. The Company is primarily responsible for infrastructure construction and land development in Kunshan ETDZ, playing an important role in the urban development and operation of Kunshan City. The Company is also engaged in commercial activities such as real estate development and sales, property leasing, and sales of electronic appliances. As of 30 September 2025, the Company was directly and wholly owned by the State-owned Assets Supervision and Administration Office of Kunshan City Government ("Kunshan SASAO").

**Exhibit 1. Revenue structure in 2024**

Source: Company information, CCXAP research

**Exhibit 2. Gross profit structure in 2024**

## Rating Considerations

### Government's Capacity to Provide Support

We believe that the Kunshan City Government has an excellent capacity to provide support to the Company, given its strong comprehensive strength combined with good fiscal profile.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemical, and textile. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. The per capita GRP also ranked top among all provinces in China for years. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. In 2025, Jiangsu Province recorded a GRP of RMB14.2 trillion, with a YoY increase of 5.3%.

Suzhou City is a prefecture-level city located in the southeast of Jiangsu Province and is regarded as one of the top Chinese cities for its advanced economic and social developments. Suzhou City has a rich historical background and is known for its canals, classical gardens and bridges. Suzhou City owns 14 national hi-tech zones, the most national hi-tech zones in one single city in China. Supported by its good location advantages, completed industrial chain, intensive layout of national-level carriers, world-class traditional cultural resources and water ecological resources, Suzhou City's economic strength has long been ranked first in Jiangsu Province. In 2024, Suzhou City achieved a GRP of RMB2,672.7 billion with a YoY growth rate of 6.0%, and the general budgetary revenue increased to RMB245.9 billion in 2024 from RMB245.7 billion in 2023. The contribution of tax revenue in Suzhou City has been stable, accounting for over 80% of general budgetary revenue over the past three years. Suzhou City also has a strong fiscal balance and good debt profile with a self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) of over 90% in the past three years and a debt/GRP ratio of 13.7% as of the end of 2024. In 2025, Suzhou City's GRP rose by 5.4% YoY to RMB2.8 trillion.

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

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,395.8	2,465.3	2,672.7
GRP Growth (%)	2.0	3.1	6.0
General Budgetary Revenue (RMB billion)	232.9	245.7	245.9
General Budgetary Expenditure (RMB billion)	258.9	262.1	260.2
Local Government Debt (RMB billion)	177.2	204.6	365.8

Source: Statistics Bureau of Suzhou City, CCXAP research

Kunshan City is a county-level city in southeast Jiangsu Province, with a total area of 931 square kilometers. Kunshan City ranked 1<sup>st</sup> for consecutive 21 years among the Top 100 counties/county-level cities in China, in terms of comprehensive strength. Supported by its pillar industries, such as digital information, optoelectronic semiconductors, intelligent equipment and new energy automobiles, Kunshan City demonstrated ongoing economic growth in recent years. In 2024, the GRP of Kunshan City increased by 6.1% YoY to RMB538.0 billion, ranking 1<sup>st</sup> among all districts/counties in Suzhou City. In 2025, Kunshan City achieved a GRP of RMB561.5 billion, with an increase of 5.8% YoY. The general budgetary revenue of Kunshan City increased to RMB45.9 billion in 2024 from RMB45.7 billion in 2023. Kunshan City has good fiscal stability and fiscal self-sufficiency ability. The 3-year average fiscal stability ratio (tax revenue/ general budgetary revenue) was relatively high at 86.0% over the past three years, and the average self-sufficiency rate (general budgetary revenue to general budgetary expenditure) was 112.3%. In addition, Kunshan City has a manageable debt profile, with a government debt to GRP ratio of 8.1% as of 31 December 2024.

**Exhibit 4. Key economic and fiscal indicators of Kunshan City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	500.7	514.1	538.0
GRP Growth (%)	1.8	5.0	6.1
General Budgetary Revenue (RMB billion)	43.0	45.7	45.9
General Budgetary Expenditure (RMB billion)	37.9	41.2	40.8
Local Government Debt (RMB billion)	25.7	30.0	43.4

Source: Statistics Bureau of Kunshan City, CCXAP research

Founded in 1984, Kunshan ETDZ is a national-level ETDZ in Kunshan City that mainly focuses on optoelectronic, digital information, intelligent equipment and new energy automobile industries, with strong comprehensive strength, as evidenced by ranking among the top five for more than 20 consecutive years in the comprehensive assessment of national-level ETDZs. In the 2024 evaluation conducted by the Ministry of Commerce, Kunshan ETDZ ranked 5<sup>th</sup> among 229 national-level ETDZs.

**Government's Willingness to Provide Support****Essential role in the public policy activities of Kunshan ETDZ**

KGIG is the primary state-owned assets operation entity in Kunshan City and is mandated by the government to develop Kunshan ETDZ. The Company is one of the core entities undertaking public policy activities, such as infrastructure construction and land development in Kunshan City. KGIG has completed a series of large-scale infrastructure construction projects over the past few years, including roads, schools, bridges and relocation houses, which significantly benefit people's livelihood and promote the urbanization development of Kunshan City.

The Company conducts infrastructure construction projects by agency construction model and construction service model. Under the agency construction model, the Company self-funds the construction, and the local government would repurchase the project upon completion and make payments to the Company within 3 to 5 years. Under the construction service model, construction costs will be provided by the entrusting parties, and the Company receives construction management fees for return, typically around 3%. As of 30 June 2025, the Company had 16 key infrastructure construction projects under construction, with a total estimated investment of around RMB6.2 billion and an uninvested amount of RMB755.0 million. Among them, projects such as resettlement housing are under the agency construction model, with a total investment amount of RMB3.2 billion and full investment been completed. Projects such as upgrading municipal facilities, schools, roads, and industrial park infrastructure are under construction service model, with a total investment amount of RMB3.2 billion and an uninvested amount of RMB755.0 million. In July 2024, the Company entered into a Centralized Agency Construction Agreement with the Planning and Construction Bureau of Kunshan ETDZ for planned projects. KGIG's infrastructure construction business is sustainable given its relatively large number of construction project reserves.

KGIG is entrusted by the local government to undertake land development projects in Kunshan City. The Company will first consolidate the lands, then the local government will inject the land-use rights into the Company for further development. When the injected land is being sold in the market, the local government will make payments to the Company within 3 to 5 years. In 2024, the Company recorded revenue of RMB1.1 billion from land transfer compensation. However, this business is highly susceptible to the government's future land use planning and fiscal arrangements. As of 30 June 2025, the Company had land of 2,262.3 thousand square meters in inventory, with a book value of RMB25.5 billion. The land would be transferred according to market conditions or local government planning.

Overall, considering KGIG's essential role in regional economic and social development in Kunshan ETDZ as well as Kunshan City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

### **High exposure to commercial activities**

KGIG also engages in other commercial activities such as sales of electronic appliances, real estate development, and property leasing. Based on our assessment, KGIG's commercial activities exposure is high, accounting for more than 30% of its total assets.

The electronic appliances sales business is the major income source of KGIG, accounting for 53.4% of its total revenue in 2024. The Company conducts electronic sales business through its subsidiary Infovision Optoelectronics (Kunshan) Co., Ltd. ("Infovision Optoelectronics", Stock Code: 688055.SZ). Infovision Optoelectronics was listed on the Shanghai Stock Exchange in 2020, and the Company is its largest shareholder, holding 45.9% of its shares as of 30 September 2025. Infovision Optoelectronics focuses on research, development, production, and sales of thin-film-transistor liquid crystal displays ("LCD"), with a rich customer base in various application fields. In the field of consumer display applications, Infovision Optoelectronics has established long-term strategic cooperation with famous brand customers such as HP, Lenovo, Dell and Acer; in the field of in-vehicle display, it has formed a stable relationship with system integrators such as Panasonic and VCK. However, Infovision Optoelectronics has continued to face pressure on its revenue and profitability since 2024, affected by both product price changes and sluggish downstream demand in the small-to-medium-sized display panel segment. It recorded a net loss of RMB190.3 million in 2024 and a net loss of RMB179.8 million in 2025Q3. The poor financial performance of Infovision Optoelectronics has negatively affected KGIG's

income and profit in recent years. To address its persistent net losses, Infovision Optoelectronics has focused on technological innovation and product portfolio enhancement to sustain its competitive position. Nonetheless, any material and sustainable improvement in profitability remains highly uncertain, as it depends heavily on market price recovery and a meaningful rebound in downstream demand. This segment continues to exert higher operating and market risks on KGIG than its policy businesses.

KGIG also conducts real estate development and sales business in Kunshan ETDZ, involving the construction and sale of resettlement housing, commercial properties and talent apartments. As of 30 June 2025, the Company had completed 4 real estate projects and most of them were sold. The Company has slowed down the pace of land acquisition since 2024. However, the Company had a large number of projects in the pipeline, which exerted certain capital expenditure pressure on the Company. As of 30 June 2025, the Company had 5 property development projects under construction, with an expected investment amount of RMB4.3 billion and an outstanding amount of RMB2.1 billion. The Company's real estate revenue rose 5.2% YoY to RMB487.6 million in 2024, while its gross profit margin declined from 25.2% to 17.5%. The sales performance of the real estate development business is still adversely impacted by the real estate market downturn.

Furthermore, the Company leases out its self-owned properties, such as factories, office buildings, residential and commercial properties. As of 30 June 2025, the Company increased its total leasable area to approximately 2.3 million square meters, with an overall occupancy rate of 66.0%. In recent years, the Company's revenue from leasing and property management businesses has maintained a growth momentum. Its rental income increased from RMB342.7 million in 2023 to RMB378.5 million in 2024. However, the gross profit margin dropped from 56.8% to 46.8%, which was mainly caused by the rising maintenance costs of leased assets and rent reductions for certain projects.

The Company also carries out financial investment through direct equity investment and private equity fund. For equity investment, the Company mainly invests in emerging industries such as new energy, medical, and information technology. For fund investment, the Company mainly acts as a Limited Partner, and the investees cover a wide range of industries, including real estate development, medical, finance, optical equipment, information technology, and automobile manufacturing, aiming to promote the development of local industries. In 2024, the Company realized investment income of RMB76.9 million, representing a YoY decrease of 53.9% compared with RMB166.8 million in 2023. Some of the underlying investees invested by the fund are start-ups, exerting uncertainty to the investment recovery.

### **Solid track record of receiving government payments**

As the core LIIFC in Kunshan ETDZ, KGIG has a proven track record of receiving government payments in the forms of government subsidies, asset and cash injections, to support its businesses and operations. From 2024 to 2025Q3, the Company continuously received financial subsidies from the local government with a total amount of RMB170.4 million. Among them, the Company's main business of electronic appliance sales has been able to continue to receive subsidies for research and development in recent years. From 2023 to 2024, the local government provided a cash injection of RMB2.2 billion to the Company. The Company also regularly received payments from the local government for its infrastructure construction projects under both agent construction and construction service models. Considering that the Company plays a strategic position in regional economic and social development in Kunshan City, we expect the Company will continue to receive support from the local government over the next 12 to 18 months.

### **High financial leverage with short-term debt burden**



KGIG's debt has kept increasing over the recent years mainly attributable to the ongoing financing for the infrastructure construction, property development projects and equity investment. As of 30 September 2025, its total debt (including perpetual debts) increased to RMB75.8 billion from RMB64.3 billion as of 31 December 2023. The Company's total capitalization ratio (calculated by total debt to total capital) gradually increased to a relatively high level of around 71.5% as of the same date. Meanwhile, the Company has a relatively high short-term debt burden. Its short-term debt recorded RMB31.4 billion, accounting for 41.3% of total debt, exerting the Company's short-term debt repayment pressure. The cash to short-term debt ratio of around 0.1x, which could not fully cover its short-term debt. We expect that the debt leverage will remain at a relatively high level in the next 12-18 months, considering the capital needs from project construction.

### **Moderate asset liquidity**

KGIG maintained moderate asset liquidity, with a large number of low-liquid inventories and other receivables. As of 30 September 2025, the Company's total assets consisted mainly of inventories and other receivables, accounting for 60.3% of the total assets, which are considered as relatively low liquidity. The inventories amounted to RMB37.7 billion, accounting for 31.8% of total assets, and mainly consisted of construction development costs and land development costs. The Company's other receivables mainly consisted of transactions with the government and other state-owned enterprises, accounting for 28.6% of total assets. In addition, the Company pledged a number of assets for loans, mainly inventories and investment properties, accounting for 7.8% of total assets as of 30 September 2025.

### **Good access to financing channels**

KGIG has sufficient stand-by liquidity and diversified funding channels, including bank loans, bond issuances, and non-standard financing products, which may partially release capital expenditure pressure and liquidity profile. As of 30 September 2025, the Company had a total credit facility of RMB64.3 billion with an unused portion of RMB23.6 billion. They were mainly provided by diversified large domestic banks, such as the Bank of China, and the Industrial and Commercial Bank of China.

Furthermore, KGIG has a proven track record of financing from both onshore and offshore debt capital markets and equity capital markets. The Company has issued several types of debt products, including commercial papers ("CPs"), medium-term notes ("MTNs"), private placement notes ("PPNs"), private corporate bonds and perpetual bonds. For instance, from January 2024 to September 2025, the Company issued 23 tranches of onshore bonds to raise RMB22.7 billion, with a coupon rate ranging from 2.0% to 3.03%. The Company also has access to the offshore capital market. For example, it issued a 3-year offshore bond with a coupon rate of 3.55% to raise RMB1.0 billion in June 2023. Moreover, the Company maintained a manageable exposure to non-standard financing, accounting for less than 5% of its total debt as of 30 September 2025.

### **Contingent risk associated with external guarantees**

The Company is exposed to a certain contingent risk from its external guarantees, which could potentially increase its repayment obligations. As of 30 September 2025, the total amount of external guarantees decreased to RMB709.0 million, accounting for 1.9% of KGIG's net assets. Among them, 50.1% of external guarantees were provided to state-owned enterprises in Kunshan City amounted to RMB355.0 million, and the remaining 49.9% were provided to private-owned enterprises in Kunshan City amounting to RMB353.6 million, with counter-guarantee measures. The guarantees for private enterprises account for less than 1% of the Company's net assets.

## ESG Considerations

KGIG bears environmental risks through its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of the projects and close supervision during construction phase.

KGIG is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Kunshan City. Demographic changes, public awareness and social priorities shape the government's development strategy, or affect the government's propensity to support the Company.

KGIG's governance considerations are also material as the Company is subject to oversight and reporting requirements of the local government, reflecting its public policy role and status as a government-owned entity.

## Structural Consideration

KGIG's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that the government support will flow through the Company given its dominant position in Kunshan ETDZ, thereby mitigating any differences in expected loss that could result from structural subordination.

## 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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