CCXAP affirms Guocheng (Zhejiang) Industrial Development Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 3 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Guocheng (Zhejiang) Industrial Development Co., Ltd. ("GZID" or the "Company") at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of GZID reflects the Company's (1) status as the important industrial investment entity in Anji Economic and Development Zone ("Anji EDZ"); and (2) good market position in property leasing and equity investment in Anji EDZ. However, the rating is constrained by the Company's (1) small revenue scale and moderate profitability, with uncertainty in equity investment return; and (2) increasing debt burden and modest credit metrics.

The rating also reflects GZID's high likelihood of receiving support from the local government and its shareholders, given its (1) ultimate ownership and control by Anji County Government; (2) status as important industrial investment entity in Anji EDZ; and (3) track record of receiving government support, such as capital injection.

Corporate Profile

Founded in 2009, GZID is an important state-owned industrial investment entity in Anji EDZ, which carries out equity investment and property leasing. Besides, the Company also conducts trading and provides factoring services in the region. As of 30 June 2026, the Company was wholly owned by Zhejiang Liangshan Intelligent Control Technology Industrial Investment Group Co., Ltd. ("LIIG"), with Anji County Finance Bureau being its ultimate controller.

Rating Rationale

Credit Strengths

Important industrial investment entity in Anji EDZ. The Company serves as a crucial state-owned industrial investment and asset management platform in Anji EDZ. Its core businesses encompass investment attraction, equity investment, and the operation and management of assets within the zone. In line with the regional industrial development strategy, the Company primarily engages in fund investments and property leasing, playing a significant role in local industrial guidance, cultivation, and transformation.

Good market position in property leasing and equity investment in Anji EDZ. GZID's equity investment business mainly involves establishing equity funds. The Company's equity investment focuses on four emerging industries in Anji EDZ, including healthcare, electronics information, high-end equipment and new materials. Besides, GZID also conducts property leasing business in Anji EDZ, involving the leasing of self-owned properties, industrial plants, and offices.

High likelihood of support from the local government and its shareholders. GZID has high likelihood of receiving support from the local government and its shareholders, given its (1) ultimate ownership and control by Anji County Finance Bureau; (2) status as important industrial investment entity in Anji EDZ; and (3) track record of receiving government support, such as capital injection.

Credit Challenges

Small revenue scale and moderate profitability, with uncertainty in equity investment return. The Company maintains a relatively small revenue scale, with total revenue increasing by 13.0% year-on-year to RMB166.7 million in 2025. The Company's profitability remains moderate, characterized by low returns on average assets. Given the inherent uncertainty in realizing returns from its equity investment portfolio, the Company's overall profitability is expected to remain modest over the next 12 to 18 months.

Increasing debt burden and modest credit metrics. The Company's adjusted total debt increased from RMB2.7 billion at end-2024 to RMB4.7 billion at mid-2026, with a total capitalization ratio of 41.1%. The Company's stand-alone credit profile is moderate. As debt burden and interests increased, its total debt/EBITDA ratio reached 16.4x and EBITDA to total interest ratio was 1.6x in 2025. In addition, the Company's cash flow to debt coverage remains weak. In 2025, its funds from operations amounted to RMB53.9 million, representing 1.2% of its total debt.

Rating Outlook

The stable outlook on GZID's rating reflects our expectation that, for the next 12 to 18 months, the Company will maintain regional competitiveness in industrial investment and property leasing business in Anji EDZ, and as a local state-owned enterprise, the Company will receive ongoing support from the local government and its shareholders.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of shareholder and government support for the Company increases; and (2) the Company's stand-alone credit profile improves significantly, such as improvement in debt structure and leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of shareholder and government support for the Company decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in debt leverage or liquidity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for General Corporate (May 2026).

Regulatory Disclosures

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