Credit Opinion

10 November 2026

Ratings	
Senior Unsecured Debt Rating	BBB_g+
Long-Term Credit Rating	BBB_g+
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

Analyst Contacts

Peter Chong +852-2860 7124
Associate Director of Credit Ratings
peter_chong@ccxap.com

Natalie Xu +852-2860 7142
Credit Analyst
natalie_xu@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Zhejiang Changxing Innovation Investment Group Co., Ltd.

Surveillance credit rating report

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

Summary

The BBB_g+ long-term credit rating of Zhejiang Changxing Innovation Investment Group Co., Ltd. ("ZCII" or the "Company") 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 provide support reflects Changxing County's 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 provide support, which is based on the Company's (1) important position in land development and infrastructure construction of Changxing County; (2) good track record of receiving government support; and (3) good access to various funding sources.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) high debt leverage and weak asset liquidity; and (3) increased contingent liability risks from external guarantees.

The stable outlook on ZCII'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 land development and infrastructure construction in Changxing County for the next 12 to 18 months.

Rating Drivers

- Important position in land development and infrastructure construction of Changxing County
- Medium exposure to commercial activities
- Good track record of receiving government support
- High debt leverage and weak asset liquidity
- Good access to various funding sources
- Increased contingent liability risks from external guarantees

Rating Sensitivities

What could upgrade the rating?

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

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 decreased strategic significance or reduced government payments.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	85.4	86.3	84.7	86.3
Total Equity (RMB billion)	34.7	34.6	28.4	28.3
Total Revenue (RMB billion)	2.9	2.7	2.1	0.9
Total Debt/Total Capital (%)	55.5	55.2	60.5	60.3

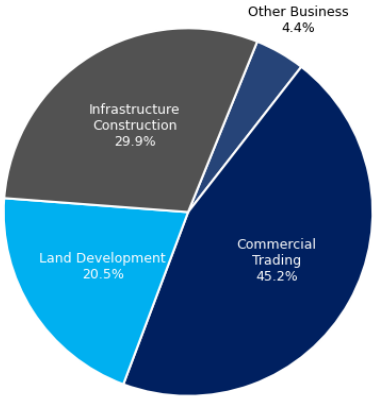
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

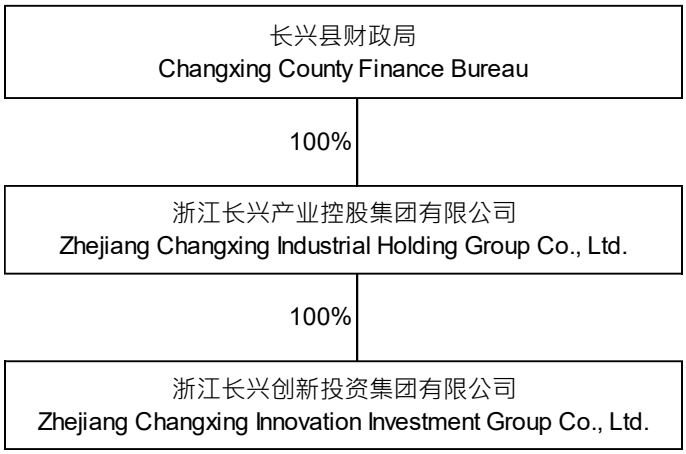
Founded in 2011, ZCII is one of the major infrastructure construction and state-owned asset operation entities in Changxing County, mainly engaged in land development and infrastructure construction, along with commercial trading. In May 2025, following the integration of state-owned platforms in Changxing County, the Company became wholly owned by Zhejiang Changxing Industrial Holding Group Co., Ltd. ("ZCIH"), and subsequently transferred its 70% stake in Changxing Industrial Investment Development Group Co., Ltd. ("CIID") and certain other subsidiaries to ZCIH as part of the restructuring. In December 2025, the Company changed its name from Zhejiang Changxing Financial Holdings Group Co., Ltd. to its current name. As of 30 June 2026, ZCIH owned 100% of the Company's shares and the Changxing County Finance Bureau was the ultimate controller.

Exhibit 1. Revenue structure in 2025



Source: Company information, CCXAP research

Exhibit 2. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that Changxing County Government has a strong capacity to provide support given its ranking of 58th among the Top 100 Economic Counties in China in 2025, with sound economic strength and moderate fiscal metrics.

Zhejiang Province is located on the southern wing of the Yangtze River Delta along the southeast coast of China. Its diverse pillar industries encompass emerging sectors like digital economy, new energy, life sciences and high-end equipment manufacturing, as well as traditional specialties such as textiles, chemicals and light industries. Zhejiang Province has strong economic strength. In 2025, its gross regional product ("GRP") ranked 4th among all provinces in China, reaching RMB9.5 trillion, with a year-on-year ("YoY") increase of 5.5%. In 2025, its general budgetary revenue reached RMB886.5 billion, up 1.8% YoY and ranking 3rd among all provinces in China. Its fiscal quality remained good, with tax income accounting for approximately 81.4% of the general budgetary revenue over the past three years. However, Zhejiang Province faces a relatively heavy debt burden, with its government debt reaching RMB3.2 trillion at end-2025. In the first half of 2026, Zhejiang Province recorded a GRP of RMB4.8 trillion, with a YoY growth of 5.7%.

Located in the northern part of Zhejiang Province, Huzhou City is the node city connecting the northern and southern areas of the Yangtze River Delta region. During the 15th Five-Year Plan period (2026-2030), Huzhou City has adopted the "1366" modern industrial framework, featuring artificial intelligence as the leading industry, alongside modern textiles, advanced alloy materials, and green home furnishings as its characteristic sectors. In 2025, Huzhou City recorded a GRP of RMB445.3 billion, increasing by 5.9% YoY. However, affected by the decline in non-tax income, Huzhou Municipal Government's general budgetary revenue decreased from RMB41.1 billion in 2024 to RMB39.0 billion in 2025, while tax income as a proportion of general budgetary revenue rose to 82.7%. Its fiscal balance remained at a moderate level, with a general budgetary revenue to general budgetary expenditure ratio of 66.4% in 2025. Its government fund income decreased to RMB34.6 billion in 2025, due to the sluggish land market. Huzhou Municipal Government faces a high debt burden, with its outstanding direct government debt increasing from RMB161.1 billion at end-2024 to RMB187.3 billion at end-2025, accounting for 42.1% of its GRP and 161.9% of its total fiscal revenue. In the first half of 2026, Huzhou City recorded a GRP of RMB223.4 billion, increasing by 5.7% YoY.

Exhibit 3. Key economic and fiscal indicators of Huzhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	401.5	421.3	445.3
GRP Growth (%)	5.8	5.8	5.9
General Budgetary Revenue (RMB billion)	41.1	41.1	39.0
General Budgetary Expenditure (RMB billion)	60.7	59.1	58.6
Local Government Debt (RMB billion)	136.4	161.1	187.3

Source: Statistics Bureau of Huzhou City, Huzhou Finance Bureau, CCXAP research

Changxing County is the second largest county, in terms of GRP, in Huzhou City. According to CCID Consulting, it ranked 58th among the Top 100 Economic Counties in China in 2025. Located at the centre of the Yangtze River Delta region, Changxing County has built a "1+4+2+X" industrial system, with intelligent vehicles and key components as its leading industry, supported by four strategic pillar industries including new energy, intelligent equipment, digital industry and biomedicine, as well as traditional industries of modern textiles and non-metallic mineral products. In 2025, the output value of its designated-size industrial enterprises exceeded RMB230.0 billion, with value-added increasing by 9.0% YoY. As of end-2025, there were 13 listed companies in Changxing County. In 2025, Changxing County recorded a GRP of RMB100.1 billion, increasing by 5.9% YoY and representing around 22.5% of Huzhou City's GRP. We believe that the sustainable economic development of Changxing County provides a sound external environment for the Company's business development. However, its general budgetary revenue decreased from RMB8.9 billion in 2024 to RMB8.4 billion in 2025, mainly due to the fluctuation of non-tax income. It has good fiscal quality, with tax income accounting for 86.2% of general budgetary revenue in 2025, and its fiscal self-sufficiency ratio improved to 78.0%. Meanwhile, its government fund income continued to decline to RMB4.9 billion in 2025, mainly due to the significant decrease in land transfer income. Changxing County has an increasing debt burden, with its outstanding direct government debt increasing from RMB22.1 billion at end-2024 to RMB25.3 billion at end-2025, accounting for about 25.3% of its GRP. In the first half of 2026, Changxing County recorded a GRP of RMB50.0 billion, with a YoY growth of 5.7%.

Exhibit 4. Key economic and fiscal indicators of Changxing County

	2023FY	2024FY	2025FY
GRP (RMB billion)	89.4	92.8	100.1
GRP Growth (%)	6.5	5.8	5.9
General Budgetary Revenue (RMB billion)	8.7	8.9	8.4
General Budgetary Expenditure (RMB billion)	12.0	11.7	10.8
Local Government Debt (RMB billion)	20.2	22.1	25.3

Source: Statistics Bureau of Changxing County, Changxing County Finance Bureau, CCXAP research

Government's Willingness to Provide Support

Important position in land development and infrastructure construction of Changxing County

Following the integration of state-owned platforms in Changxing County, there are four major local infrastructure investment and financing companies supporting the development of Changxing County, each with distinct functions. The Company's parent company, ZCIH, is the most important entity for urban development and construction, financial investment and state-owned capital operations in Changxing County, mainly responsible for urban infrastructure development in certain areas of the county and county-wide quasi-financial businesses. Although the restructuring reduced the Company's business scope and capital base, with capital reserves decreasing by RMB7.6 billion in 2025, ZCII retains its important role in the urban infrastructure development and state-owned asset operation in Changxing County, with main responsibilities on land development and infrastructure construction. As of end-2025, the Company's total assets and total revenue accounted for 94.5% and 96.3% of ZCIH, respectively.

ZCII maintains a dominant regional position in the land development and consolidation business in Changxing County, primarily in the Taihu New City and Tuying Tourism Resort areas. In 2025 and the first half of 2026, the Company settled 179.4 mu and 80.9 mu of land and recognized land development revenue of RMB438.7 million and RMB195.7 million, respectively, with a stable gross margin of 23.1%. As of 30 June 2026, the Company had 4 land development and consolidation projects under construction with a total invested amount of RMB8.8 billion. However, the Company had no land development or consolidation projects under planning as of mid-2026, and the business is highly susceptible to government planning and regional land market conditions, which may exert uncertainty on the timing and scale of revenue recognition.

ZCII maintains a leading position in infrastructure construction of Changxing County. Its business scope mainly covers Changxing County and the Si'an Town area of the Huzhou Inter-provincial Industrial Transfer Demonstration Zone. Upon completion, projects are handed over to the entrusting government agencies and settled at construction cost plus a certain markup. In 2025, the Company's infrastructure construction revenue decreased to RMB640.3 million from RMB855.7 million in 2024, with the gross margin declining to 8.1%, due to project progress and the government's settlement arrangements. As of 30 June 2026, the Company's major entrusted construction projects had been largely completed, and it had no entrusted construction projects under planning, indicating limited capital expenditure pressure. In addition, as of 30 June 2026, the Company held RMB30.4 billion in inventory, mainly consisting of development costs and land assets, which provides a basis for future revenue recognition.

Medium exposure to commercial activities

ZCII also participates in commercial activities such as commercial trading and equity investments. As of 30 June 2026, ZCII had moderate exposure to commercial risk, with commercial business assets accounting for 20% to

25% of its total assets. Following the divestiture of its subsidiaries in 2025, ZCII ceased conducting guarantee, finance leasing, property management, rental and scenic area operation businesses, which reduced the diversity of its commercial operations.

ZCII's commercial trading business mainly includes the sales of electrolytic copper, aluminum ingots, battery cells, polyester yarn and chemical fibers. Under its risk control strategy, the Company continued to scale down its trading business, with trading revenue decreasing from RMB1.3 billion in 2024 to RMB968.9 million in 2025. The commercial trading business remained its largest revenue source, contributing 45.2% of total revenue in 2025, but recording a low gross profit margin of around 1.2%. The business exhibits high concentration risk, with the top five customers and suppliers accounting for 88.6% and 63.5% of total sales and procurement in 2025, respectively. In addition, most of the Company's trading customers and suppliers are private enterprises, and the Company typically grants a one-month credit period to customers. As of mid-2026, the Company had a receivable of RMB46.3 million from Zhejiang Aikang Optoelectronic Technology Co., Ltd., which has entered bankruptcy restructuring. The receivable has been fully provisioned, indicating certain capital recovery pressure. In the first half of 2026, the Company received a court-ordered payment of RMB0.5 million from this customer.

The Company participates in private equity funds through sub-funds and direct investments by its parent funds, mainly for industrial support purposes. Affected by the transfer of CIID, its industrial fund investments decreased to RMB1.8 billion at mid-2026 from RMB3.1 billion at end-2024, and investment income from other non-current financial assets, mainly fund investments, decreased from RMB63.4 million in 2024 to RMB2.7 million in the first half of 2026, with no such income recorded in 2025.

Good track record of receiving government support

ZCII has consistently received substantial support from the local government since its establishment. In 2025 and the first half of 2026, the Company received government subsidies of RMB909.4 million and RMB437.5 million, respectively. In addition, the Company received fiscal interest subsidies of RMB723.0 million and payments of RMB1.0 billion for its entrusted construction and land development projects in 2025. Prior to 2025, the Company had also received substantial asset injections from the government, including sewage pipeline networks, and equity transfers of various entities. Although the asset transfers in 2025 reduced the Company's equity, they were carried out as part of the local government's restructuring of state-owned platforms, and the Company retained its core public-policy functions. Given its strategic role in Changxing County's development, we expect continued government support in the foreseeable future.

High debt leverage and weak asset liquidity

ZCII's total debt has remained relatively stable, with adjusted total debt increasing slightly from RMB42.3 billion at end-2024 to RMB42.9 billion at mid-2026, while the total capitalization ratio rose from 55.2% to 60.3% over the same period, mainly due to the decrease in equity following the asset transfers in 2025. The Company has high short-term repayment pressure, with the short-term debt ratio remaining high at 46.3% at mid-2026 and its unrestricted cash to short-term debt ratio at 0.1x. We expect the Company's leverage to remain at a stable level in the next 12 to 18 months, given its moderate capital expenditure needs for its construction projects.

ZCII's asset liquidity is weak, which may undermine its financial flexibility. As of 30 June 2026, its assets were primarily composed of inventories and receivables, totally accounting for around 65.5% of total assets. Inventories are mainly development costs for infrastructure construction and land development projects and land assets, while receivables are mainly unreceived payments from the agencies of government or other local state-owned companies ("SOEs"), all of which are considered to have low liquidity. The Company's equity

investments accounted for around 21.3% of total assets at mid-2026, with modest overall investment returns. Meanwhile, the Company had restricted assets of RMB6.8 billion as of 30 June 2026, accounting for 7.9% of its total assets.

Good access to various funding sources

ZCII's diversified funding sources, which include bank loans and bond issuances, may help alleviate its liquidity pressure. The Company maintains good relationships with large domestic banks such as the Agricultural Development Bank of China and Industrial and Commercial Bank of China. As of 30 June 2026, the Company had total credit facilities of RMB49.1 billion, with the available portion being RMB13.8 billion, indicating sufficient standby liquidity. The Company also has good access to both the onshore and offshore debt markets. As of 30 September 2026, the Company had outstanding onshore bonds of RMB5.2 billion at a low average coupon rate of 3.1%, and two outstanding offshore USD bonds totaling USD155.5 million, with coupon rates of 5.3% to 5.4%. Besides, the Company has a relatively moderate reliance on non-standard financing, accounting for 17.8% of total debt.

Increased contingent liability risks from external guarantees

Mutual guarantees between local SOEs in Changxing County continue to exist. As a result, the Company is exposed to increased contingent liability risks. The Company's external guarantees increased from RMB7.4 billion at end-2024 to RMB11.7 billion at mid-2026, accounting for 41.3% of its net assets. The external guarantees are mainly provided to the SOEs in Changxing County, without counter-guarantee measures. In case a credit event occurs, the Company may face certain contingent liability risks and cross-default risks.

ESG Considerations

ZCII assumes environmental risks through its infrastructure construction and land development projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

In terms of social awareness, ZCII has played a crucial role in the social welfare of Changxing County by being involved in urban infrastructure projects.

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

Structural Consideration

ZCII's senior unsecured debt rating is in line with its long-term credit rating. We believe that government support will flow through the Company given its role as the primary platform for land development and infrastructure construction in Changxing County, thereby mitigating any differences in an 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).

Appendix

Exhibit 5. Peer Comparison

	Zhejiang Changxing Innovation Investment Group Co., Ltd.	Changxing Urban Construction Investment Group Co., Ltd.
Long-Term Credit Rating	BBB_g+	BBB_g+
Shareholder	Zhejiang Changxing Industrial Holding Group Co., Ltd. (100%)	Zhejiang Changxing State-owned Assets Investment Holdings Group Co., Ltd. (69.6%), Zhejiang Changxing Innovation Investment Group Co., Ltd. (24.8%), Zhejiang Province Financial Development Co., Ltd. (5.6%)
Positioning	Land development and infrastructure construction of Changxing County	Infrastructure development and public services in Changxing County
Total Asset (RMB billion)	84.7	75.0
Total Equity (RMB billion)	28.4	28.8
Total Revenue (RMB billion)	2.1	3.7
Total Debt/Total Capital (%)	60.5	57.9

All ratios and figures are calculated using CCXAP's adjustments based on financial data as of 31 December 2025.

Source: Company information, CCXAP research

Copyright © 2026 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656