

CSCEC International Construction Co., Ltd.

Summary

Issuer Rating	AA-
Outlook	Stable
Location	China
Industry	Engineering And Construction
Date	1 August 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘AA-’ global scale Long-term Issuer Credit Rating of CSCEC International Construction Co., Ltd. (“CSCEC Int” or “the company”); Issuer Rating Outlook Stable.

Summary

The Issuer Rating reflects the likely very strong support CSCEC Int would receive from its parent China State Construction Engineering Corporation Ltd. (“CSCEC”) to ensure its viability, considering CSCEC’s full ownership of CSCEC Int, CSCEC Int’s strategic role as the key entity for overseas business development and expansion, high integration and linkage, including appointment and supervision of the senior management, and major investment and financing plan decisions, and ongoing policy and financial support. Besides, the debt burden and leverage of the company remained relatively low in the past few years, although profitability was still under pressure.

The Stable Outlook reflects our expectation that CSCEC Int would maintain its strategic importance in CSCEC, while CSCEC will continue to support CSCEC Int’s stable operation.

Key Rating Rationales

Strategic Global Construction and Investment Entity in the CSCEC System: CSCEC Int, a Beijing- and Suzhou-based subsidiary of CSCEC, spearheads overseas expansion and strategic initiatives under the Belt and Road framework. It executes critical projects in global real estate, infrastructure, and investment, while managing CSCEC’s overseas subsidiaries and government-funded programs, including foreign aid and diplomatic facilities for China’s Ministry of Foreign Affairs and Ministry of Commerce. As the exclusive entity for government-assisted projects, CSCEC Int fosters international partnerships through strategic engagement with governments and global institutions, reinforcing CSCEC’s leadership in advancing China’s global infrastructure and economic diplomacy.

CSCEC’s Ownership and Governance: CSCEC has the full ownership of CSCEC Int. It wields decision-making authority and oversight over CSCEC Int, playing a pivotal role in critical aspects like management appointments, strategic development decisions, investment plans, and the supervision of major funding choices. CSCEC Int’s chairman also serves as the General Manager of the CSCEC’s Overseas Division. Several directors, supervisors, and members of the management team come from CSCEC. Appointments and replacements of directors, supervisors, and other senior executives require CSCEC’s approval and are subject to unified evaluation by CSCEC.

Strong Strategic Alignment in the CSCEC System: CSCEC Int functions as the principal coordinator and strategic enabler of CSCEC’s global operations, overseeing critical decision-making in operations, investments, and financial governance. As a cornerstone of CSCEC’s long-term strategic framework, international market expansion is bolstered by CSCEC Int’s expertise in cross-border marketing, competitive bidding, and contract execution, which drive sustained competitive differentiation. Beyond spearheading market penetration, CSCEC Int cultivates strategic alliances with governmental entities domestically and internationally, optimizing synergies to advance overseas business integration. Supported by a network of 50 overseas

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Applicable Criteria

General Corporate Rating Criteria (31 December 2021)
General Corporate Rating Criteria: Addendum (30 August 2022)

offices spanning 30+ countries and regions, CSCEC Int serves as a pivotal force in high-impact diplomatic engagements and large-scale market initiatives, solidifying CSCEC's leadership in global infrastructure development.

Ongoing Support from CSCEC: CSCEC Int receives continuous policy and financial support from CSCEC and the Chinese government. The company benefits from CSCEC's comprehensive corporate management and operational resources. CSCEC signs overseas contracts in its name and entrusts CSCEC Int with significant projects involving substantial influence and intergovernmental cooperation. CSCEC Int also has full authority to manage and allocate accounts related to government preferential export loans. CSCEC Int's credit facilities are part of CSCEC's overall credit facilities provided by onshore financial institutions. Besides, CSCEC provides various types of guarantees for the company's overseas projects.

Overseas Business Hindered but Overall Development Thrives: CSCEC Int generates its revenue primarily through engineering construction and infrastructure development, with international operations concentrated in emerging markets and domestic efforts strategically focused on the Suzhou region. Over the past three years, the company demonstrated a sustained growth trajectory, achieving an 18.2% revenue increase in 2023 followed by a 2.2% rise in 2024. While global economic volatility led to a decline in new international contract signings compared to prior years, domestic operations delivered robust performance. Domestic new contracts have risen consistently since 2022, driven by strategic investments in Suzhou's real estate sector.

Under Pressure but Improved Profitability: While challenges persist, including lingering macroeconomic uncertainties, CSCEC Int's profitability showed recovery in 2024, with gross margin rising to 4.4% and EBITDA margin improving to 2.8%, compared to 3.7% and 2.3% in 2023, respectively. The company reversed a multi-year weak profitability driven by increasing operating costs and global economic volatility. This uptick reflects CSCEC Int's strategic shifts toward asset operations in its infrastructure business, reducing capital-intensive investments and prioritizing operational efficiency.

Low Debt Burden with Sufficient Liquidity: CSCEC Int's total debt increased to RMB1.4 billion at end-2024 from RMB1.1 billion and RMB42.2 million at end-2023 and end-2022, respectively, due to working capital loans from subsidiary construction units and development loans for real estate projects in domestic market. CSCEC Int's financial leverage, as measured by total adjusted debt over EBITDA, remained low at 1.7x in 2024, compared with 1.9x in 2023 and below 1x in 2021-2022. CSCEC Int's liquidity was sufficient. It had RMB7.4 billion of cash to cover its short-term debt of RMB1.2 billion at end-2024. Besides, the company had a total onshore credit line of RMB34.8 billion at end-June 2025.

Rating Sensitivities

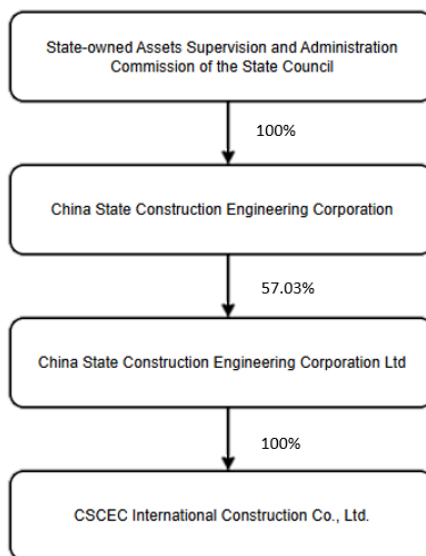
We would consider downgrading CSCEC Int's rating if (1) it were to increase its financial leverage as measured by its EBITDA interest coverage to consistently below 8x or debt over EBITDA leverage consistently to above 3.5x, or (2) it were to suffer a significant deterioration in operating performance in terms of revenue, profit margin or cash flow generation, or its liquidity profile is worsened, or (3) there is perceived weakening in support from CSCEC, particularly due to its reduced strategic importance in CSCEC and significant reduction of CSCEC's ownership, or (4) there is a downgrade in our internal credit assessment on CSCEC.

We would consider upgrading CSCEC Int's rating if (1) it were to significantly improve its operating performance, and/or (2) it were to improve its liquidity position, and/or (3) there is an upgrade in our internal credit assessment on CSCEC.

Company Profile

CSCEC Int, headquartered in Beijing and Suzhou, is a fully-owned subsidiary of CSCEC, the world's largest construction and investment group. CSCEC is a subsidiary of China State Construction Engineering Corporation, which was wholly owned by State-owned Assets Supervision and Administration Commission of the State Council. As the exclusive domestic entity within CSCEC specializing in overseas business, it functions as an incubator for international ventures and a platform for global investment and model innovation.

CSCEC Int's Shareholding structure at end-2024



Source: The company and Lianhe Global

Originally part of CSCEC's Overseas Operations, CSCEC Int was restructured in June 2018 to emphasize the 'Priority to Overseas Business' policy. This restructuring transformed it from an administrative department into a company, enhancing its ability to manage and oversee international projects. The company has established 42 overseas branches and entities in over 30 countries and regions, engaging in projects across housing, infrastructure, investment, development, China-aided initiatives, and diplomatic buildings. This strategic expansion supports its mission of contributing to the One Belt One Road initiative and increasing its global footprint.

Key Financial Metrics

2022A-2024A	Debt/EBITDA	EBITDA/Interest	Debt/Capitalization	Quick Ratio
Weighted Average	1.6x	28.3x	17.7%	0.7x

Source: CSCEC Int's 2022-2024 annual reports, Lianhe Global's adjustments



Appendix I: CSCEC Int's Rating Factors

Rating Factors	Weight	Initial Rating
I. Market Demand	15.0%	a-
II. Business Analysis¹	45.0%	bbb-
III. Financial Analysis²	40.0%	b-
IV. Base Score	100%	bbb+
V. Industry Risk		bb
VI. Qualifiers		
Liquidity	Neutral	
Corporate Governance	Neutral	
Debt Structure and Financial Policy	Neutral	
Idiosyncratic Analysis	Neutral	
Stand-Alone Creditworthiness		bbb+
External Support		Very Strong
Issuer Credit Rating		AA-

Source: Lianhe Global

¹ Business Analysis contains sub-factors of market position, diversification, competitive position, operating efficiency and profitability.

² Financial Analysis contains sub-factors of debt/EBITDA, EBITDA interest coverage, debt/capitalization and quick ratio.

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