

CCXAP assigns BBB_g+ to Zhenjiang Transportation Industry Group Co., Ltd.'s proposed USD bonds

Hong Kong, 9 July 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed USD bonds to be issued by Zhenjiang Transportation Industry Group Co., Ltd. (“ZJTI” or the “Company”) (BBB_g+ / Stable).

The bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of ZJTI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the net proceeds to refinance its existing offshore indebtedness.

Corporate Profile

Established in 1992, ZJTI is one of the key local infrastructure investment and financing companies (“LIIFCs”) in Zhenjiang City, Jiangsu Province. Since its establishment, ZJTI has primarily focused on the development, construction and operations of transportation infrastructure, as well as resettlement housing construction and land development in Zhenjiang City. It has now subsequently expanded into other business areas, including comprehensive transportation infrastructure development and operations, raw materials trading, industrial park construction and operation, and port operations. During the process of local state-owned enterprises, the Company has now formalized its three main responsibilities and businesses: transportation infrastructure, urban operation and integrated sanitation services.

In 2023, to further deepen state-owned enterprises reform, the Zhenjiang Municipal Government formed Zhenjiang Industrial Investment Holding Group Co., Ltd. (“ZIIH”) and transferred its 55% and 100% equity interests in ZJTI and Zhenjiang State-owned Investment Holding Group Co., Ltd. (“ZJSH”) to ZIIH without considerations. As of 31 March 2025, ZIIH directly held 55% and indirectly held 45% of the Company’s shares through ZJSH, with the State-Owned Assets Supervision and Administration Commission of Zhenjiang Municipal Government (“Zhenjiang SASAC”) remaining the ultimate controller.

Rating Rationale

The rating of the senior unsecured bonds is equivalent to ZJTI’s long-term credit rating. We believe that government support will flow through the Company given its strategic position in the development of Zhenjiang City, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of ZJTI reflects Zhenjiang Municipal Government’s (1) very strong capacity to provide support; and (2) high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Zhenjiang Municipal Government’s capacity to provide support reflects Zhenjiang City’s good industrial foundation, ongoing economic growth and moderate fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong policy role in transportation infrastructure construction of Zhenjiang City; (2) good track record of receiving government payments; and (3) diversified and stable funding sources with declining financing costs. However, the Company's rating is constrained by its (1) moderate exposure to commercial activities; (2) high debt leverage with large short-term debt; and (3) high exposure to external guarantees, with certain contingent liability risk.

Rating Outlook

The stable outlook on ZJTI's rating reflects our expectation that Zhenjiang Municipal Government's capacity to provide support will remain stable, and the Company's characteristics such as its primary role in transportation infrastructure construction will remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as a substantial reduction in external guarantees or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as reduced strategic significance, decreased government payments or increased exposure to risky commercial activities.

Rating Methodology

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

Regulatory Disclosures

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