

CCXAP assigns BBB_g+ to Jiaozuo State-owned Capital Operation (Holding) Group Co., Ltd.'s proposed USD bonds

Hong Kong, 23 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 Jiaozuo State-owned Capital Operation (Holding) Group Co., Ltd. (“JZSC” or the “Company”) (BBB_g+ /stable).

The bonds constitute direct, general, unsubordinated, unconditional, and unsecured obligations of JZSC, 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 proceeds for project construction and replenishment of working capital in accordance with National Development and Reform Commission’s Certificate.

Corporate Profile

Established in April 2011, JZSC is a local state-owned enterprise mainly operating in Jiaozuo City, Henan Province. To promote the regional industrial development and improve state-owned asset operation, the local government consolidated local state-owned assets and resources in 2023, and transferred large amount of assets and equities to JZSC. In June 2024, the Company transferred 51% of the equity of its wholly-owned subsidiary, Jiaozuo Urban Development Investment (Holding) Group Co., Ltd. to Finance Bureau of Jiaozuo City in order to promote market-based transformation of JZSC. After the consolidation and reorganization, the Company is positioned as a key entity in industrial investment and state-owned asset operation in Jining City, with different business scopes covering project construction, food processing, highway construction and operation, human resources service and commercial property sales. As of 30 June 2025, the Company was directly and wholly-owned by the Finance Bureau of Jiaozuo City.

Rating Rationale

The rating of the senior unsecured bonds is equal to JZSC’s long-term credit rating. We believe that government support will flow through the Company given its important role in state-owned asset operation and urban construction in Jiaozuo City, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of JZSC reflects the Company’s (1) important role in state-owned asset operation and urban construction in Jiaozuo City; and (2) main entity to support the industrial development of Jiaozuo City including food processing industry. However, the rating is constrained by the Company’s (1) operating uncertainties of self-operated construction projects, which are easily affected by the local investment and business environment; (2) small revenue scale and weak profitability; and (3) rising debt level with weak credit metrics.

The rating also reflects a high likelihood of government support from the Jiaozuo Municipal Government when needed, which is based on the Company’s (1) direct ownership and ultimate control by the Jiaozuo Municipal Government; (2) regional importance in state-owned asset

operation and industrial development in Jiaozuo City; and (3) solid track record of receiving support from the local government including subsidies, capital injections and asset transfers.

Rating Outlook

The stable outlook on JZSC's rating reflects our expectation that the Company will maintain its regional competitiveness and importance in industrial development of Jiaozuo City over the next 12-18 months. We also expect that the Company will continue to receive ongoing support from the local government.

What could upgrade the rating?

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

What could downgrade the rating?

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

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

Regulatory Disclosures

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