

## **CCXAP upgrades Jingdezhen Hesheng Industrial Investment Development Co., Ltd.'s long-term credit rating to BBB<sub>g</sub>, with stable outlook**

Hong Kong, 8 August 2025 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has upgraded the long-term credit rating of Jingdezhen Hesheng Industrial Investment Development Co., Ltd. ("Jingdezhen Hesheng" or the "Company") to BBB<sub>g</sub> from BBB<sub>g-</sub>, with stable outlook.

The rating upgrade is based on the vital policy role of the Company as the important industrial investment platform in Jingdezhen City, which results in stronger government support.

The BBB<sub>g</sub> long-term credit rating of Jingdezhen Hesheng is underpinned by the Company's (1) status as important industrial investment platform in Jingdezhen City; and (2) diversified sources of revenue. However, the rating is constrained by the Company's (1) relatively fast debt growth and modest long-term debt servicing capability; and (2) moderate access to funding.

The rating also reflects a high likelihood of government support from the Jingdezhen Municipal Government when needed, which is based on the Company's (1) ultimate control by the Jingdezhen Municipal Government; (2) significance in promoting the strategic development of emerging industries in Jingdezhen City; and (3) solid track record of receiving support from the local government, including subsidies, capital injections and asset transfers.

### **Corporate Profile**

Established in 2009, formerly known as Jingdezhen Hesheng Optoelectronics Industrial Investment Development Co., Ltd, Jingdezhen Hesheng is positioned as an important industrial investment platform in Jingdezhen City, focusing on the investment in emerging industries such as aviation, new energy, and new materials. In addition, the Company is also involved in property leasing, real estate, and trading businesses. As of 31 March 2025, Jingdezhen Hesheng was 80% owned by Jingdezhen Investment Co., Ltd., which was Jingdezhen City's main industrial investment platform and wholly owned by Jingdezhen State-owned Assets Operation and Investment Holding Group Co., Ltd., while Management Committee of Jingdezhen High-tech Industrial Development Zone held the remaining 20%. Its ultimate controlling shareholder is Jingdezhen State-owned Assets Supervision and Administration Commission ("Jingdezhen SASAC").

### **Rating Rationale**

#### **Credit Strengths**

**Important industrial investment platform in Jingdezhen City.** As an important industrial investment platform, Jingdezhen Hesheng is of great significance in promoting the development of strategic emerging industries in Jingdezhen City. The Company is engaged in industrial investment through equity investment and industrial funds, with its investment portfolio aligned with government policies and economic development trends. It focuses on local advantageous



industries such as aviation, new energy, and new materials, making great contributions to the industrial development of Jingdezhen City.

**Diversified sources of revenue.** In addition to industrial investment businesses, the Company has also diversified into different business segments, mainly including property leasing, real estate, and trading, forming a well-diversified business portfolio. We believe that the Company can diversify its business risks and mitigate revenue volatility through the synergistic operation of its multiple business segments, which is credit-positive.

**High likelihood of support from the Jingdezhen Municipal Government.** We expect Jingdezhen Hesheng has a high likelihood of receiving support from the Jingdezhen Municipal Government in times of need. This expectation incorporates our considerations of the Company's (1) ultimate control by the Jingdezhen Municipal Government; (2) significance in promoting the strategic development of emerging industries in Jingdezhen City; and (3) solid track record of receiving support from the local government, including subsidies, capital injections and asset transfers.

#### Credit Challenges

**Relatively fast debt growth and modest long-term debt servicing capability.** Due to relatively large capital expenditure on its investment projects, Jingdezhen Hesheng's total debt has been growing rapidly over past few years. As of end-2024, the Company's total debt increased to RMB17.9 billion from RMB15.1 billion at end-2023, with total capitalization ratio of 50.7%. Jingdezhen Hesheng's long-term debt servicing capability is modest. In 2024, its total debt/EBITDA ratio was 20.1x and EBITDA interest coverage ratio was 1.2x.

**Moderate access to funding.** The Company has access to debt capital markets. However, the Company has moderate standby liquidity. As of end-2024, the Company had obtained total credit facilities of RMB11.5 billion from diversified domestic policy banks and commercial banks, with available amount of RMB1.9 billion.

#### Rating Outlook

The stable outlook on Jingdezhen Hesheng's rating reflects our expectation that the Company will continue to receive solid support from the Jingdezhen Municipal Government. We also expect the Company to maintain its strategic role as the important industrial development platform in Jingdezhen City over the next 12 to 18 months.

#### What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Jingdezhen Municipal Government and its parent company increases; (2) the quality of the Company's investment portfolio materially improves, such as having a higher level of asset liquidity and generating better recurring cash flow from investees; or (3) the Company's credit metrics improve, for example, a lower Total Debt/EBITDA ratio and a higher EBITDA/Interest ratio.

#### What could downgrade the rating?



The rating could be downgraded if (1) the likelihood of support from the Jingdezhen Municipal Government and its parent company decreases; (2) the performance of the Company's investment portfolio deteriorates; or (3) the Company shows weakened access to funding and eroded liquidity profile.

### **Rating Methodology**

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

### **Regulatory Disclosures**

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

Peter Chong

*Assistant Director – Credit Ratings*

+852-2860 7124

[peter\\_chong@ccxap.com](mailto:peter_chong@ccxap.com)

Elle Hu

*Executive Director – Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



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**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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656