

CCXAP affirms Jining High Tech Urban Construction Investment Co., Ltd.'s long-term credit rating at BBB_{g-}, with stable outlook.

Hong Kong, 5 September 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Jining High Tech Urban Construction Investment Co., Ltd. (“JHUC” or the “Company”) at BBB_{g-}, with stable outlook.

The BBB_{g-} long-term credit rating of JHUC reflects Jining High-tech Zone Government’s strong capacity and high willingness to provide support to the Company, based on our assessment of the Company’s characteristics. Our assessment of Jining High-tech Zone Government’s capacity to provide support reflects its status as a national-level high-tech industrial development zone, as well as the local government’s 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 role in infrastructure construction in Jining High-tech Zone; (2) track record of receiving government payments; and (3) good access to funding from banks and debt capital market. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing debt burden and relatively weak asset liquidity; and (3) large exposure to external guarantees.

Corporate Profile

Jointly founded by Jining High-tech Zone Land Reserve Management Center and Jining High-tech Industrial Development Zone Property Management Center in 2008, JHUC is an important local infrastructure investment and financing company (“LIIFC”) in Jining High-tech Zone, mainly responsible for major infrastructure construction and shantytown renovation projects in the zone. It is also involved in commercial businesses including property development and leasing. After the share transfer in 2009, the Company has become a wholly-owned subsidiary of Jining High-tech Holding Group Co., Ltd. (“JHHG”), which is the largest LIIFC in Jining High-tech Zone in terms of total assets. As of 31 March 2025, the State-owned Assets Supervision and Administration Commission of Jining High-tech Industrial Development Zone (“Jining High-tech Zone SASAC”) was the ultimate controller of JHUC.

Rating Rationale

Credit Strengths

Important role in infrastructure construction in Jining High-tech Zone. JHHG, JHUC’s parent company, is the largest and most important LIIFC in Jining High-tech Zone. JHUC is the core infrastructure construction arm of JHHG, accounting for over 50% of the total assets of JHHG. The Company is mainly responsible for the infrastructure construction in Jining High-tech Zone, including the construction of educational buildings, hospitals, road reconstructions, and shantytown renovations in the area. We believe that the important position of the Company to Jining High-tech Zone’s economic development and public welfare is unlikely to be replaced in the short-to-medium term.

Track record of receiving government payments. JHUC has a proven track record of receiving government payments in the form of capital injections, asset transfers, project payments, and subsidies. We expect the local government will continue to provide support to the Company, given its strong public policy role in Jining High-tech Zone and the large number of public projects under construction.

Good access to funding from banks and debt capital market. JHUC has access to multiple financing channels, including bank loans and bond issuances, which help to relieve the capital expenditure pressure and to meet its refinancing needs. The Company has maintained a good relationship with joint-stock commercial banks and large state-owned commercial banks. Also, the Company has a good track record for fund-raising activities in capital market and around half of financing was bond issuances.

Credit Challenges

Medium exposure to commercial activities. JHUC has also been engaged in commercial activities, including property leasing and property development businesses. Although the Company's commercial assets accounting for more than 30% of its total assets, the Company's risk exposure to commercial activities is considered medium according to our assessment. This is because most of JHUC's commercial assets are leasable assets that are highly compatible with local industrial development and were constructed under the guidance of the local governments.

Increasing debt burden and relatively weak asset liquidity. Due to the ongoing investment of infrastructure projects and relatively large investment requirement for the self-operated projects, JHUC's total debt increased at a relatively fast pace over the past several years. As of 31 March 2025, the Company's total debt amounted to RMB11.1 billion, significantly increased as compared to RMB9.5 billion by the end of 2023. Meanwhile, its total capitalization ratio, as measured by total debt to total capital, also increased from 47.6% to 50.1% over the same period. In addition, JHUC's asset liquidity is relatively weak, which may undermine its financial flexibility.

Large exposure to external guarantees. JHUC's credit profile is constrained by substantial external guarantees, which could potentially increase its repayment obligations. Although all of the guaranteed parties are stated-owned enterprises in Jining High-tech Zone, the Company may face considerable contingent liability risk should a default event occurs, which could negatively impact its credit quality

Rating Outlook

The stable outlook on JHUC's rating reflects our expectation that the Jining High-tech Zone Government's capacity to provide support will be stable, and that the Company will maintain its important role in local infrastructure construction and shantytown renovation projects 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 provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved debt management and reduction in exposure to external guarantees.

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 provide support, such as reduced strategic significance or weakened financing capabilities.

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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