

CCXAP affirms Hengyang High-tech Holding Group Co., Ltd.'s BBB_g+ long-term credit rating, with stable outlook.

Hong Kong, 22 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Hengyang High-tech Holding Group Co., Ltd. (“HHHG” or the “Company”) at BBB_g+, with stable outlook.

The BBB_g+ long-term credit rating of HHHG reflects Hengyang Municipal Government’s (1) very strong capacity to provide support; and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Hengyang Municipal Government’s capacity to provide support reflects Hengyang City’s economic importance in Hunan Province, with ongoing growth in economic and fiscal strengths. In addition, Hengyang High-Tech Industrial Development Zone (“Hengyang HIDZ”) is a national high-tech zone in Hunan Province approved by the State Council.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) status as the most important entity for urban infrastructure construction in Hengyang HIDZ; (2) high sustainability for public policy businesses; and (3) good track of receiving government support. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) ongoing debt growth, with certain short-term debt repayment pressure; and (3) weak asset liquidity.

Corporate Profile

Established in 2015, HHHG is the most important entity for city infrastructure construction in Hengyang HIDZ. The Company is mainly engaged in infrastructure construction and land development in Hengyang HIDZ. It has also participated in commercial activities such as property sales and property leasing. As of 30 September 2025, the Company was wholly owned and ultimately controlled by State-owned Assets Supervision and Administration Commission of Hengyang City.

Rating Rationale

Credit Strengths

The most important entity for urban infrastructure construction in Hengyang HIDZ. HHHG is the largest and the most important infrastructure construction entity in Hengyang HIDZ, conducting land development and infrastructure construction projects in Hengyang HIDZ, Baishazhou Industrial Park, and Hengshan Science Park. It is also one of the key infrastructure construction entities in Hengyang City, responsible for the construction of some major municipal projects. Considering that HHHG owns the most state-owned assets in the region and its status as the most important entity for urban infrastructure construction in Hengyang HIDZ, we believe that the Company has the most important position in the comprehensive development of the region and will not be easily replaced by other state-owned enterprises in the foreseeable future.

High sustainability for public policy businesses. As the most important entity for urban infrastructure construction in Hengyang HIDZ, HHHG has participated in land development and infrastructure construction businesses. There are large amounts of construction projects in the pipeline from these public policy businesses, ensuring public policy business's sustainability, but exerting high capital expenditure pressure.

Good track of receiving government support. HHHG has regularly received support from the local government in the form of capital injection, government subsidies and project payments. Given its strong market position in undertaking public policy projects in Hengyang HIDZ, we believe that the local government will continue to provide support to the Company.

Credit Challenges

Moderate exposure to commercial activities. In addition to public activities, HHHG is also engaged in commercial businesses, mainly including property sales and property leasing. We consider the Company's exposure to commercial businesses to be medium, accounting for less than 20% of its total assets. However, commercial risk is moderate since property sales business is greatly affected by the changes in regional property market and industry policy. Besides, property leasing business exerts capital expenditure pressure to the Company.

Ongoing debt growth, with certain short-term debt repayment pressure. The Company's total debt had increased from RMB29.5 billion at end-2022 to RMB32.6 billion at end-2024, with relatively high total capitalization of 53.7%. In addition, as of 31 December 2024, the Company's short-term debt accounted for about 27.4% of total debt, with unrestricted cash to short term debt ratio of 0.2x, indicating certain short-term debt repayment pressure.

Weak asset liquidity. HHHG's asset liquidity is weak, which may undermine its financial flexibility. The Company's assets mainly consist of inventories, investment properties, and construction in progress, totally accounting for about 76.7% of total assets as of 31 December 2024.

Rating Outlook

The stable outlook on HHHG's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its status as the most important entity for urban infrastructure construction in Hengyang HIDZ for the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as strengthened regional significance or reduction in the exposure to commercial activities.

What could downgrade the rating?



The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced regional significance or weakened access to funding.

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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