CCXAP affirms Jingdezhen Hesheng Industrial Investment Development Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 12 August 2026 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Jingdezhen Hesheng Industrial Investment Development Co., Ltd. ("Jingdezhen Hesheng" or the "Company") at BBB_g, with stable outlook. At the same time, CCXAP has affirmed the senior unsecured debt rating of Jingdezhen Hesheng at BBB_g.

The BBB_g 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) modest asset profitability, with high reliance on government subsidies; (2) relatively fast debt growth and modest long-term debt servicing capability; and (3) 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 2026, Jingdezhen Hesheng was 80% owned by Jingdezhen Investment Co., Ltd. ("Jingdezhen Investment"), which was Jingdezhen City's main industrial investment platform and wholly owned by Jingdezhen State-owned Assets Operation and Investment Holding Group Co., Ltd. ("JSAH"), while Management Committee of Jingdezhen High-tech Industrial Development Zone ("Jingdezhen HIDZ") 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 under its management, 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 and property development, 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.

High likelihood of support from the Jingdezhen Municipal Government. We expect Jingdezhen Hesheng to have 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

Modest asset profitability, with high reliance on government subsidies. In 2025, the Company's revenue reached RMB2.1 billion, indicating an increase compared to RMB1.0 billion in 2024, mainly driven by the improved performance of Zhengye Technology. However, its total profit is highly relied on government subsidies. The Company's asset profitability is moderate, leading to modest return on assets.

Relatively fast debt growth and modest long-term debt servicing capability. As of end-2025, the Company's adjusted total debt increased to RMB22.5 billion from RMB17.9 billion at end-2024, with total capitalization ratio of 56.3%. As the Company's debt burden and financing costs increased, Jingdezhen Hesheng's long-term debt servicing capability is modest. In 2025, its total debt/EBITDA ratio was 27.9x and EBITDA interest coverage ratio was 1.1x.

Moderate access to funding. Jingdezhen Hesheng mainly finances its capital needs from bank loans, which accounted for 62.0% of its total debt at end-2025. The Company has access to bond markets, which accounted for 19.5% of its total debt at end-2025.

Rating Outlook

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

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 (May 2026).

Regulatory Disclosures

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