

## Credit Opinion

9 June 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB <sub>g</sub>
Outlook	Stable

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## Jining High-tech Holding Group Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms Jining High-tech Holding Group Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>, with stable outlook.**

### Summary

The BBB<sub>g</sub> long-term credit rating of Jining High-tech Holding Group Co., Ltd. (“JHHG” or the “Company”) reflects Jining High-tech Zone Government’s strong capacity to provide support and very high willingness to support, based on our assessment of the Company’s characteristics.

Our assessment of Jining High-tech Zone Government’s capacity to provide support reflects Jining High-tech Zone’s status as a national-level high-tech industrial development zone, as well as the local government’s sound economic fundamentals and moderate fiscal profile.

The rating also reflects the local government’s very high willingness to provide support, which is based on the Company’s (1) full and direct ownership by the Jining High-tech Zone Government; (2) high strategic importance in infrastructure construction and provision of public services in Jining High-tech Zone; and (3) proven track record of receiving government support.

However, the rating is constrained by the Company’s (1) increasing exposure to commercial activities; (2) rapid debt growth and moderate asset liquidity; and (3) moderate contingent risk.

The stable outlook on JHHG’s rating reflects our expectation that 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, shantytown renovation projects, and heating supply in Jining High-tech Zone over the next 12 to 18 months.

## Rating Drivers

- High strategic importance in infrastructure construction and provision of public services
- Proven track record of receiving government support
- Increasing exposure to commercial activities
- Good access to diversified financing channels
- Rapid debt growth and moderate asset liquidity
- Moderate contingent risk

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) Jining High-tech Zone Government's capacity to support strengthens; and (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 asset quality and reduced exposure to external guarantees.

### What could downgrade the rating?

The rating could be downgraded if (1) Jining High-tech Zone Government's capacity to 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, decreased government payments or increased exposure to risky commercial activities.

## Key Indicators

	2022FY	2023FY	2024FY
Total Asset (RMB billion)	39.9	40.5	50.6
Total Equity (RMB billion)	12.6	12.8	14.0
Total Revenue (RMB billion)	6.2	5.1	4.6
Total Debt/Total Capital (%)	57.1	56.6	62.3

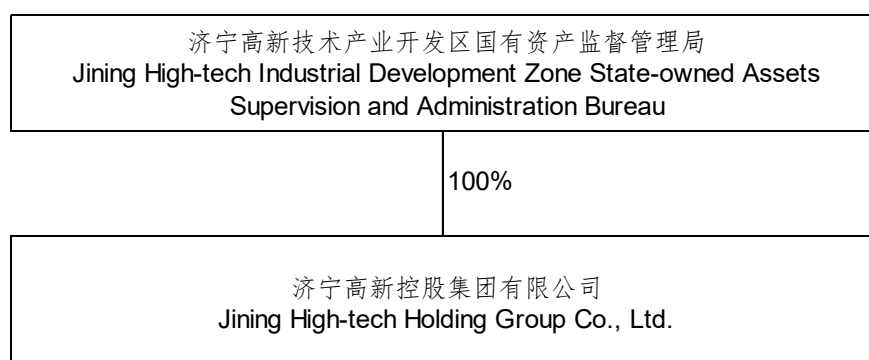
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

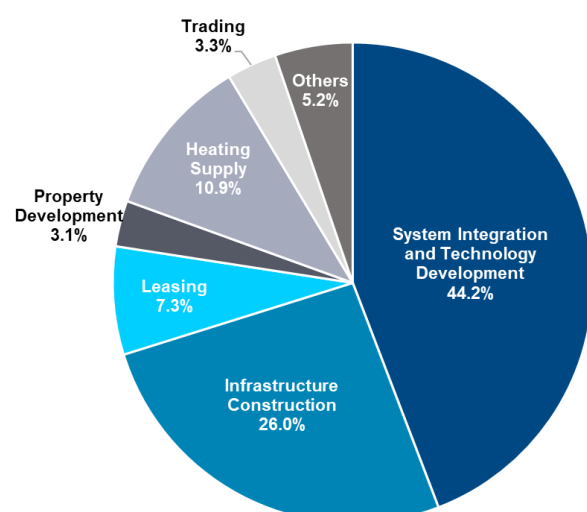
Founded in 2009, JHHG is a key local infrastructure investment and financing company ("LIIFC") in Jining High-tech Zone, and the most of its businesses are undertaken through Jining High Tech Urban Construction Investment Co., Ltd. ("JHUC"). As the main operator and developer, the Company is responsible for infrastructure construction, shantytown renovation projects, and heating supply in Jining High-tech Zone. The Company also undertakes commercial activities such as system integration and technology development, property development and leasing, commodity trading, as well as industrial investment. As of 31 December 2024, the Company was directly and wholly owned by the Jining High-tech Industrial Development Zone State-owned Assets Supervision and Administration Bureau ("Jining High-tech Zone SASAC").

### Exhibit 1. Shareholding chart as of 31 December 2024



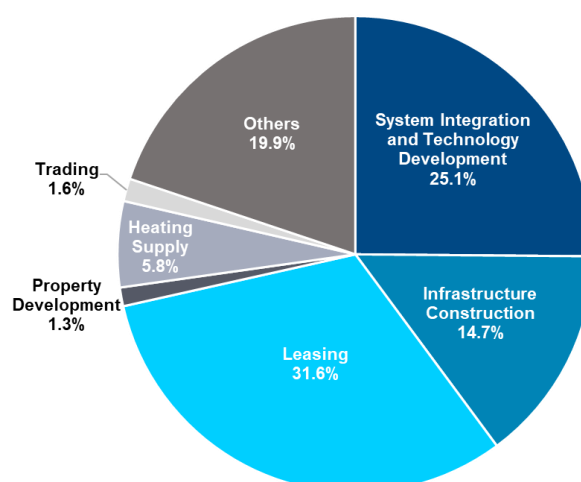
Source: Company information, CCXAP research

### Exhibit 2. Revenue structure in 2024



Source: Company information, CCXAP research

### Exhibit 3. Gross profit structure in 2024



## Rating Considerations

### Government's Capacity to Provide Support

We believe the local government of Jining High-tech Zone has strong capacity to provide support, given its sound economic fundamentals and moderate fiscal metrics.

Shandong Province is the third largest province in China by GRP, with a solid industrial foundation in industries such as logistics, shipbuilding, marine technology, chemical, automotive and agri-food. Located in the southern part of Shandong Province, Jining City is one of the central cities in the Huaihai Economic Zone approved by the Shandong Provincial Government. Thanks to its diversified industrial structure such as coal mining, machinery and equipment manufacturing, paper and paper products, chemical industry goods, and textiles, Jining City's economic strength and fiscal strength had been steadily improved over the past three years. In 2024, Jining City reported a GRP of RMB586.7 billion, representing 5.8% year-over-year ("YoY") growth. Meanwhile, the general budgetary revenue was RMB49.6 billion, reflecting an upward trend over the past three years. However, Jining City has moderate fiscal metrics and debt profile. Its fiscal balance ratio (general

budgetary revenue/general budgetary expenditure) was around 60% over the past three years. Tax incomes slightly decreased to RMB31.1 billion in 2024 from RMB32.4 billion in 2023, accounting for 62.7% of its general budgetary revenue. As of 31 December 2024, Jining City's government debt to GRP ratio was 34.4%.

#### **Exhibit 4. Key economic and fiscal indicators of Jining City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	531.7	551.6	586.7
GRP Growth (%)	4.4	6.5	5.8
General Budgetary Revenue (RMB billion)	44.8	47.5	49.6
General Budgetary Expenditure (RMB billion)	74.7	78.3	80.0
Local Government Debt (RMB billion)	151.4	171.4	201.6

Source: Jining Municipal Government, CCXAP research

Jining High-tech Zone was founded in 1992 and was promoted to be a National High-tech Industrial Development Zone in 2010. It is the pilot high-tech zone of national science and technology innovation service system, as well as innovative industrial cluster. In addition, it is the pilot scientific and technological high-tech zone in Shandong Province, which has a population of 250 thousand and an area of 255 square kilometers. It has established four national industrial bases, including engineering machinery, photoelectric information, biotechnology, and new textile materials. In 2024, the GRP of Jining High-tech Zone increased to RMB61.7 billion from RMB57.9 billion in 2023, representing a 6.3% YoY growth. Moreover, it's GRP has accounted for more than 10% of Jining City's GRP. Jining High-tech Zone Government has a good fiscal balance. As of 31 December 2024, Jining High-tech Zone 's general budgetary revenue to general budgetary expenditure was 149.2%. At the same time, the government debt to GRP ratio was 14.9%.

#### **Exhibit 5. Key economic and fiscal indicators of the Jining High-tech Zone**

	2022FY	2023FY	2024FY
GRP (RMB billion)	55.4	57.9	61.7
GRP Growth (%)	4.7	7.1	6.3
General Budgetary Revenue (RMB billion)	4.3	4.4	4.5
General Budgetary Expenditure (RMB billion)	2.8	2.6	3.0
Local Government Debt (RMB billion)	9.2	10.9	9.2

Source: Management Committee of Jining High-tech Zone, CCXAP research

### **Government's Willingness to Provide Support**

#### **High strategic importance in infrastructure construction and provision of public services**

As the largest and most important LIIFC in Jining High-tech Zone, JHHG is engaged in infrastructure construction, shantytown renovation projects, and heating supply in the region. The Company's essential arms in infrastructure construction, JHUC and Shandong Jingda Science and Technology Industry Development Co., Ltd., are mainly responsible for the construction or upgrading of educational buildings, hospitals, road reconstructions, and shantytown renovations in the Zone. As of 31 March 2025, it completed 23 infrastructure projects, with a total investment of RMB7.3 billion and collected government repayments of RMB7.1 billion. Given its important role in local infrastructure construction, we believe that the Company is unlikely to be replaced in the foreseeable future.

Authorized by Municipal Construction Administration of Jining High-tech Zone, the Company undertakes infrastructure construction projects in Jining High-tech Zone under the agency construction model. The

Company conducts construction with self-raised funds, receives the construction costs plus 15% mark-up after the completion of projects. With the ongoing development of Jining High-tech Zone, the Company is currently focusing on shantytown renovation projects. Some of these projects are undertaken by signing a government-purchase-service agreement with the local government. The local government will then purchase these projects after the completion in instalments within 15 years. As of 31 March 2025, the Company had 7 infrastructure construction and shantytown renovation projects under construction, with an estimated total investment of RMB13.1 billion and an uninvested amount of RMB7.2 billion. Meanwhile, the Company had no infrastructure construction projects under planning. The Company intends to gradually reduce its investment in entrusted construction projects in the future.

JHHG also provides heating service in Jining High-tech Zone, covering 7.16 square kilometers in the region, which is highly beneficial to the local residents and enterprises. The Company provides steam supply for industrial enterprises and heat supply for residents and enterprises in the Zone. As of 31 December 2024, the Company owned pipe network with a length of 186 kilometers and 105 heat exchange stations, with heating capacity of 820.0 thousand tons per year. We believe that the Company can maintain its dominant position in the heating supply segment and can generate stable recurring income. We also believe that as this public service is essential for local residents and enterprises, the replacement cost for the Company's role is high.

### **Proven track record of receiving government support**

JHHG has a proven track record of receiving government support mainly from capital injections, project payments, and subsidies. From January 2023 to March 2025, the Jining High-tech Zone SASAC and Jining Municipal Finance Bureau continue to inject capital into the Company, with its paid-in capital increased to RMB2.0 billion by 31 March 2025, compared to RMB742.0 million as of end-2022, further enhancing its capital strength. Furthermore, the Company received RMB92.4 million of operational subsidies from the government in 2024, mainly for its infrastructure construction and heating projects. As of 31 March 2025, the Company has received cumulative government payments of RMB7.1 billion, which were mainly for the completed infrastructure projects under the agency construction model. We expect the Company will continue to receive government support over the next 12 to 18 months, given its strong public policy role and the large number of public projects under construction.

### **Increasing exposure to commercial activities**

JHHG's commercial activities mainly include system integration and technology development, commodity trading, property development and leasing, as well as industrial investment, generating stable operating income. We believe JHHG will increase its exposure to commercial activities in the future as the Company plans to develop several self-operated projects. The increase of investment in self-operated projects and reduction in revenue of its system integration and technology development business may increase the Company's debt burden and bring more uncertainty to the Company's future income.

JHHG has consolidated a listed company, Ronglian Technology Group Co. ("Ronglian Group") (Stock Code: 002642.SZ), which provides comprehensive solutions for digital transformation of enterprises and IT infrastructure construction for industry customers with relevant qualifications. As of 31 December 2024, JHHG held 8.1% of Ronglian Group's shares, and held 21.03% of the proxy voting rights. Ronglian Group's business contributes a major portion of the Company's revenue, generating RMB2.4 billion and RMB2.0 billion in 2023 and 2024, accounting for 46.8% and 44.2% of the Company's total revenue, respectively. However, affected by factors such as changes in the domestic and foreign economic environment, Ronglian Group's client investment in IT is moderating and it has suffered from a significant revenue tumble and reported a net loss of RMB357.0

million in 2023, which also provided negative impacts on JHHG's financial performance in 2023. Although Ronglian Group's profitability returned to positive in 2024, these effects have not yet completely dissipated despite the turnaround. However, Ronglian Group operates relatively independently and does not require financial support from the Company.

JHHG takes part in the construction and operation of self-operated properties such as research base buildings, industrial parks, logistics parks, and commercial buildings for governmental organs and local enterprises, which are usually leased at low prices under the guidance of local government in order to attract investment. Rental income from leased investment properties had been stable in the past few years. As of 31 December 2024, the Company had 5 leasable projects under construction, with an estimated total investment of RMB6.1 billion and an uninvested amount of RMB1.8 billion. At the same time, the Company had no leasable project under planning. The relatively large investment may bring more pressure to the Company's capital expenditure in the next 12 to 18 months.

JHHG is also engaged in the property development business, focusing on the sales of residential property projects. As of 31 March 2025, the Company had 2 property projects under construction, with a total investment of RMB1.7 billion and uninvested amount of RMB171.0 million. These projects had recognized cumulative revenue of RMB1.1 billion. Despite some supplement income generated by the property sales, the downturn of China's property market may cause the Company's fund to be unbalanced due to the uncertainty of construction and sales progress. In addition, the Company also undertakes property development projects through construction engineering. However, the business volume is relatively small.

The Company is also engaged in commodity trading business, with the main product being electrolytic copper. Although this segment can provide the Company with additional income, the Company is exposed to relatively high concentration risks. The top 5 customers and suppliers accounted for approximately 97.5% and 83.4% of the total sales and procurement in 2024, respectively.

### **Rapid debt growth and moderate asset liquidity**

JHHG recorded rapid debt growth due to its debt-driven business expansion in infrastructure and self-operated construction projects over the past few years. As of 31 December 2024, the Company's total debt has increased to RMB23.2 billion from RMB16.2 billion as of end-2022, representing a 19.7% YoY growth, and the total capitalization ratio was relatively high at 62.3%. Meanwhile, the Company's cash to short-term debt ratio and short-term debt to total debt ratio were 0.5x and 45.4% respectively, indicating a relatively weak liquidity profile and an unbalanced debt structure.

In addition, JHHG's asset liquidity is moderate. As of 31 December 2024, the Company has certain amount of restricted assets including lands, office buildings, and industrial plants, totaling RMB12.0 billion and accounting for 23.7% of the total assets. In terms of asset structure, inventories, total receivables (account receivables and other receivables), investment properties and construction in progress accounted for 71.4% of its total assets as of the same date. Inventories and construction in progress were mainly the construction costs from infrastructure construction, property development and self-operated projects; investment properties consist primarily of land and rental buildings; while total receivables were mainly receivables from the local government and other state-owned enterprises, all of which are considered low liquidity. Moderate asset liquidity may also undermine the Company's financing flexibility.

### **Good access to diversified financing channels**

JHHG have diversified financing sources including bank loans, onshore and offshore bond issuances. The Company had been highly recognized by large domestic banks such as Agricultural Development Bank of China and Industrial and Commercial Bank of China Limited. As of May 2025, it had obtained total bank credit facilities of RMB28.8 billion, with an unused portion of RMB12.4 billion, indicating a relatively sufficient liquidity buffer. In terms of direct financing, the Company and its subsidiary JHUC issued 11 tranches of domestic bonds, raising RMB5.0 billion from 2023 to April 2025. The Company also stepped into offshore bond market. In 2023, JHHG raised RMB120.0 million through issuance of one tranche of offshore bond. Besides, around RMB400.0 million onshore bond will be mature within 2025, exerting certain refinancing pressure on the Company. The Company had a limited exposure to non-standard financing products, with amount accounting for around 10% of its total debt.

### **Moderate contingent risk**

JHHG's credit profile is constrained by its external guarantees, which could potentially increase its repayment obligations. As of 31 December 2024, the total amount of external guarantees was RMB3.3 billion, accounting for 23.6% of its net assets. All of them were provided to local state-owned enterprises. However, in case a credit event occurs, the Company may face certain contingent liability risks, which could negatively impact its credit quality. Majority of the external guarantees are provided to Shandong Haida Development and Construction Co., Ltd. and subsidiaries, which are local state-owned enterprises that mainly engage in property development and agricultural business. These enterprises are supervised by the local government.

### **ESG Considerations**

JHHG assumes environmental risks through its infrastructure construction and shantytown renovation projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

In terms of social awareness, the Company, as a public services provider in Jining High-tech Zone, also faces social risks. Demographic changes, public awareness and social priorities shape the government's target for JHHG, which may, affect the government's propensity to support the Company.

In terms of corporate governance, JHHG's governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

### **Rating Methodology**

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

## Appendix

### Exhibit 6. Peer Comparison

	Jining High-tech Holding Group Co., Ltd. (“JHHG”)	Jining High Tech Urban Construction Investment Co., Ltd. (“JHUC”)
Long-Term Credit Rating	BBB <sub>g</sub>	BBB <sub>g</sub> -
Shareholder	Jining High-tech Zone SASAC (100%)	JHHG (100%)
Positioning	Major urban operator and developer in Jining High-tech Zone	Key entity in infrastructure construction and shantytown renovation in Jining High-tech Zone
Total Assets (RMB billion)	50.6	28.0
Total Equity (RMB billion)	14.0	11.0
Total Revenue (RMB billion)	4.6	1.5
Total Debt/Total Capital (%)	62.3	50.6

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research



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