

## Credit Opinion

27 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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## Sichuan Jianzhou Airport Agricultural Investment and Development Group Co., Ltd.

### Surveillance credit rating report

**CCXAP upgrades Sichuan Jianzhou Airport Agricultural Investment and Development Group Co., Ltd.'s long-term credit rating to BBB<sub>g</sub>, with stable outlook.**

### Summary

CCXAP has upgraded the long-term credit rating of Sichuan Jianzhou Airport Agricultural Investment and Development Group Co., Ltd. ("JAID" or the "Company") to BBB<sub>g</sub> from BBB<sub>g</sub>-. The rating upgrade is based on the Company's strategic importance as the major agricultural infrastructure constructor and service provider in Jianyang City. It also reflects the Company's enhanced financial stability through improving its funding structure.

The long-term credit rating of JAID reflects Jianyang City Government's strong capacity and extremely high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of the Jianyang City Government's capacity to provide support reflects Jianyang City's vital position in Chengdu City, given its good industrial base, but constrained by a relatively small economic scale and heavy debt burden.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strategic role as the major agricultural infrastructure constructor and service provider in Jianyang City; (2) solid track record of receiving government payments; and (3) decreasing reliance on non-standard financing. However, the rating is constrained by the Company's (1) increasing debt leverage with short-term debt repayment pressure; (2) weak asset liquidity; and (3) medium exposure to contingent liability risks.

The stable outlook on JAID's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its dominant position in the agricultural infrastructure construction in Jianyang City.

## Rating Drivers

- Strategic role as the major agricultural infrastructure constructor and service provider in Jianyang City
- Solid track record of receiving government payments
- Relatively low exposure to commercial activities
- Increasing debt leverage with short-term debt repayment pressure
- Decreasing reliance on non-standard financing
- Weak asset liquidity
- Medium exposure to contingent liability risks

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in company's characteristics enhance the local government's willingness to provide support, such as improved debt management and increased asset liquidity.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in company characteristics decrease the local government's willingness to provide support, such as reduced government payments.

## Key Indicators

	2022FY	2023FY	2024FY
Total Asset (RMB billion)	14.0	14.2	19.3
Total Equity (RMB billion)	5.9	7.3	7.8
Total Revenue (RMB billion)	0.8	1.3	2.0
Total Debt/Total Capital (%)	48.7	45.1	55.3

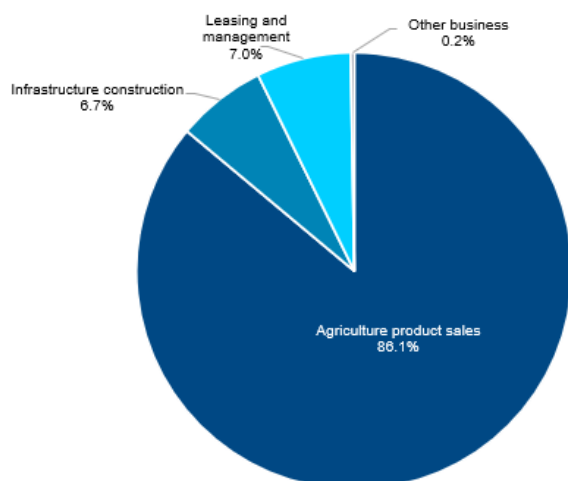
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

Founded in 2016, formerly known as Jianyang Huizhong Agricultural Investment Development Co., Ltd. JAID has a clear positioning of rural revitalization and agricultural development. The Company is primarily responsible for agricultural infrastructure development in Jianyang City. Apart from public development projects, the Company also derives revenue from businesses such as agricultural sales, agricultural services, leasing and management. As of 31 December 2024, Jianyang State-owned Assets Management Committee ("Jianyang SAMC") controlled 95% of JAID's shares and was the ultimate controller. Sichuan Provincial Department of Finance held the remaining 5% of JAID's shares.

### Exhibit 1. Revenue Structure in 2024



Source: Company information, CCXAP research

### Exhibit 2. Shareholding chart as of 31 December 2024



## Rating Considerations

### Government's Capacity to Provide Support

We believe the Jiayang City Government has a strong capacity to provide support to the Company, given its good industrial base, but relatively small economic scale, and heavy debt burden.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2024, Sichuan recorded a gross regional product ("GRP") of RMB6.5 trillion, with a GRP growth rate of 5.7% year-on-year ("YoY"). Its general budgetary revenue increased to RMB563.5 billion, up by 1.9% YoY.

Chengdu City is a sub-provincial city that serves as the capital city of Sichuan Province. Chengdu City is also an important economic and financial center, as well as a transportation and communication hub in Southwest China, with a solid economic foundation. Its economy is characterized by industries such as electronic information product manufacturing, machinery, automotive, metallurgy, building materials and light industry. In 2024, Chengdu achieved a GRP of RMB2.4 trillion, a YoY increase of 5.7%. Chengdu Municipal Government's general budgetary revenue amounted to RMB195.0 billion in 2024, a YoY increase of 1.1%. However, the increase in general budgetary revenue was due to an increase in non-tax revenue, which is considered to be less sustainable. In 2024, the tax revenue of Chengdu City declined to RMB137.4 billion from RMB145.0 billion in 2023. In 2024, its fiscal balance ratio was 74.7%, which was at a relatively good level. In 2024, Chengdu's outstanding government debt increased to RMB620.7 billion with an increasing trend, accounting for 26.4% of its GRP. In 2025Q1, Chengdu achieved a GRP of RMB593.0 billion, a YoY increase of 6.0%.

**Exhibit 3. Key Economic and Fiscal Indicators of Chengdu City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,081.8	2,207.5	2,351.1
GRP Growth (%)	2.8	6.0	5.7
General Budgetary Revenue (RMB billion)	172.2	192.9	195.0
General Budgetary Expenditure (RMB billion)	243.5	258.7	261.0
Local Government Debt (RMB billion)	464.1	522.9	620.7

Source: Statistic Bureau of Chengdu City, CCXAP research

Jiayang City is a county-level city under the administration of Chengdu, with a total area of 2,213 square kilometers. Chengdu Tianfu International Airport is located in Jiayang City, which plays a leading role in the development of Jiayang City. As an important industrial city in Sichuan Province, Jiayang's industrial base mainly focuses on mechanical manufacturing, agricultural and sideline food processing, rubber and chemical production, textile and clothing manufacturing, pharmaceutical production, and building materials. Benefited by its good industrial base, Jiayang's GRP amounted to RMB86.3 billion in 2024, a YoY increase of 7.6%. Jiayang City Government's general budgetary revenue increased from RMB5.2 billion in 2023 to RMB5.6 billion in 2024. Jiayang City has moderate fiscal stability, with tax income accounting for 51.0% of general budget revenue in 2024. It also has moderate fiscal self-sufficiency, with a fiscal balance ratio of 70.9% in 2024. In addition, Jiayang has a relatively heavy debt burden, with an increasing trend in 2024. Jiayang's outstanding government debt amounted to RMB16.4 billion, accounting for 19.0% of its GRP in 2024.

**Exhibit 4. Key Economic and Fiscal Indicators of Jiayang City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	67.3	80.7	86.3
GRP Growth (%)	1.6	10.4	7.6
General Budgetary Revenue (RMB billion)	3.0	5.2	5.6
General Budgetary Expenditure (RMB billion)	6.9	6.9	7.9
Local Government Debt (RMB billion)	13.3	13.6	16.4

Source: Statistic Bureau of Jiayang City, CCXAP research

**Government's Willingness to Provide Support****Strategic role as the major agricultural infrastructure constructor and service provider in Jiayang City**

There are three major local infrastructure investment and financing companies ("LIIFCs") in Jiayang City, each with a different positioning, including urban development, industrial development, and agricultural development. JAID has a clear positioning of agricultural infrastructure construction and agricultural industrial park development in Jiayang City. It is also responsible for the agricultural service in Jiayang City, such as storage and sales of national grain. Considering the Company's high strategic significance to the development of Jiayang City, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

The Company has successfully delivered a series of large-scale agricultural infrastructure projects and public welfare facilities over the past few years, such as agricultural industry projects and tourism projects. The Company conducts infrastructure construction projects under the agency construction model. The Company carries out project construction with government funds and self-raised funds. As of 31 December 2024, the Company had 4 infrastructure construction projects under construction or planning, with a total estimated investment amount of RMB1.2 billion and an outstanding amount of RMB556.1 million.

In addition, the Company also participates in the “high-standard farmland project”, which is a sub-project of the Chengdu Municipal Project in Jianyang City. The project involves the construction of farmland, canals, roads, and facility land, as well as land improvement projects. As of 31 December 2024, the Company had 7 major high-standard farmland projects under consolidation, with a total estimated investment of RMB178.9 million and an outstanding amount of RMB62.6 million.

In addition, the Company has a relatively large amount of receivables in repurchase payments. As of end-2024, the Company had completed a large number of infrastructure projects, with an invested amount of RMB1.7 billion and received an accumulated repayment amount of RMB333.7 million. The relatively large amounts of receivables in repurchase payments from the infrastructure construction projects, as well as the prolonged repayment period and high repayment uncertainty, have exerted a certain degree of capital pressure on the Company.

### **Relatively low exposure to commercial activities**

In addition to public activities, JAID is also involved in various commercial activities, such as agricultural sales and self-operating projects. We consider JAID’s commercial business exposure to be relatively low, as its market-driven businesses account for around 15% of its total assets.

JAID’s revenue mainly comes from the sales of agricultural products, which accounted for 86.1% of its total revenue in 2024. The agricultural sales business mainly involves the production and sales of agricultural products, such as corn, soybean meal, and sorghum. However, the profitability of the agricultural product sales is low, with a gross profit margin recorded at 0.2% in 2024. In addition, the business is subject to high concentration risks as the top 5 customers and suppliers accounted for 73.8% and 88.8% of total sales and total procurement in 2024, respectively.

JAID is also engaged in the construction of self-operated projects, such as agricultural science and technology parks, logistics centers, and research and development centers. The Company constructs these projects with self-raised funds and special funds, exerting certain capital expenditure pressure. As of 31 December 2024, it had 15 major self-operated projects under construction or planning, with a total estimated investment of RMB5.3 billion and an outstanding investment amount of RMB4.7 billion. The Company will generate rental and operating income to achieve a capital balance. Given the large amount of construction of self-operating projects, we expect the Company will increase its commercial activities exposure in the future.

### **Track record of receiving government payments**

JAID has a track record of receiving payments from the Jianyang City Government. These payments take various forms, such as government subsidies and capital injections, which effectively improved the Company’s cash flow and financial leverage. In 2024, the Company received government subsidies of RMB155.4 million and cash injections of RMB365.0 million to boost its contributed capital. The Company has also been injected with assets such as pipeline facilities and land use rights. In addition, the Company regularly receives repurchase payments for its public policy projects. Given JAID’s important strategic role, we expect the Company will continue to receive support from the Jianyang City Government in the future.

### **Increasing debt leverage with short-term debt repayment pressure**

JAID’s total debt had increased from RMB6.0 billion at end-2023 to RMB9.6 billion as of 31 December 2024, and its total capitalization ratio increased from 45.1% to 55.3% over the same period. The increase in debt was mainly attributable to the expansion of construction projects. Nevertheless, the Company had improved its debt

structure, with its short-term debt accounting for around 33.5% of its total debt as of 31 December 2024, much lower than 56.7% at end-2023. The cash-to-short-term-debt ratio had also been improved, but remained low at around 0.4x, indicating relatively high short-term debt repayment pressure. Given the Company's relatively large capital expenditure pressure from public and self-operated projects, we expect the Company will maintain fast debt growth and relatively high debt leverage for the next 12-18 months.

### **Weak asset liquidity**

JAID has weak asset liquidity. As of 31 December 2024, the Company's inventories, receivables, and non-current assets accounted for 97.0% of its total assets, all of which are considered to have low liquidity. Inventories are mainly investment costs for construction projects. Non-current assets are primarily fixed assets, investment properties, and intangible assets, mainly including sandstone mining rights and pipeline and land-use rights granted by the Jianyang City Government. The receivables consist mainly of unreceived payments from government agencies or other state-owned companies.

### **Decreasing reliance on non-standard financing**

JAID has access to multiple financing channels. The Company has certain projects, such as high-standard farmland projects, crop cultivation, and food waste resource utilization projects that align with national/regional policies and are eligible for special bond or special fund support to cover around 70% of the total investment of these projects. From January 2024 to May 2025, the Company received RMB1.2 billion of government special bonds. It also has good banking relationships, and around 77.8% of the Company's debt was provided by bank loans. As of 31 December 2024, it held available credit facilities of RMB1.9 billion. The Company further expanded its funding channel to the offshore debt capital market in 2024. From January 2024 to May 2025, the Company issued JPY9.8 billion and USD18.0 million in the offshore bond market, with coupon rates ranging from 3.3% to 7.0%. In addition, the Company is reducing its reliance on non-standard financing. As of 31 December 2024, around 15.8% (2023: 23.6%) of debt financing was provided by non-standard financing, including financial leasing. Given the issuance of the offshore bonds and the broadening financing channel, we believe the Company will further reduce its reliance on non-standard financing.

### **Medium exposure to contingent liability risks**

The Company has moderate contingent liability risk given its relatively large amount of external guarantees. As of end-2024, the total amount of external guarantee was RMB2.6 billion as of end-2024, representing 33.0% of its net assets. As all guarantee is provided to local state-owned enterprises, we believe the contingent risk is manageable. However, in case a credit event occurs, the Company may still face certain contingent liability risks, which could negatively impact its credit quality.

## **ESG Considerations**

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the national governmental authorities. JAID assumes environmental risks for its infrastructure construction projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

JAID is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Jianyang City. Demographic changes, public awareness and social priorities shape government's development strategy, and it will affect the government's propensity to support the Company.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its public-policy role and status as a government-owned entity. JAID believes that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Company maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the licenses, concessions, permits, or certificates.

## Rating Methodology

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

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