Credit Opinion

5 September 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB_g-
Outlook	Stable

Analyst Contacts

Eddie Li +852-2860 7130
Credit Analyst
eddie_li@ccxap.com

Leimen Chen +852-2860 7130
Assistant Credit Analyst
leimen_chen@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Jining High Tech Urban Construction Investment Co., Ltd.

Surveillance credit rating report

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

Summary

The BBB_g- long-term credit rating of Jining High Tech Urban Construction Investment Co., Ltd. ("JHUC" or the "Company") 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.

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.

Rating Drivers

- Important role in infrastructure construction in Jining High-tech Zone
- Track record of receiving government payments
- Medium exposure to commercial activities
- Good access to funding from banks and debt capital market
- Increasing debt burden and weak asset liquidity
- High contingent liability risk

Rating Sensitivities

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.

Key Indicators

	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	24.3	25.7	28.0	27.9
Total Equity (RMB billion)	10.3	10.4	11.0	11.0
Total Revenue (RMB billion)	1.4	1.6	1.5	0.2
Total Debt/Total Capital (%)	48.5	47.6	50.6	50.1

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

Source: Company data, CCXAP research

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.

Exhibit 1. Revenue structure in 2024

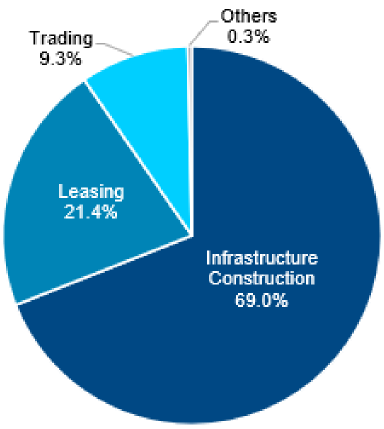
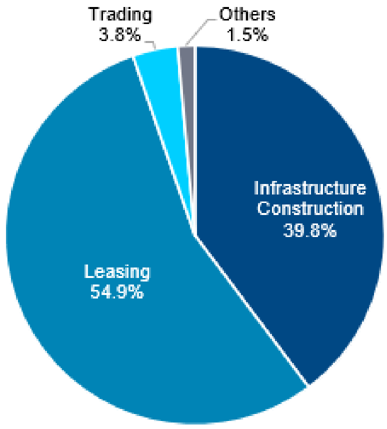


Exhibit 2. Gross profit structure in 2024



Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 31 March 2025

State-owned Assets Supervision and Administration Commission of Jining High-Tech Industrial Development Zone
济宁高新技术产业开发区国有资产监督管理局

100%

Jining High-tech Holding Group Co., Ltd. ("JHHG")
济宁高新控股集团有限公司

100%

Jining High-tech Urban Construction Investment Co., Ltd. ("JHUC")
济宁高新城建投资有限公司

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

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

Shandong Province is the third largest province in terms of gross regional product ("GRP") in China over the past three years, with a solid industrial foundation in logistics, shipbuilding and 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. Jining City's diversified industrial structure, comprising coal chemical industry, engineering machinery, biotechnology, new textile materials, auto parts, optoelectronics and electronic information, has underpinned a steady improvement in the local economic strength over the past three years. In 2024, Jining City reported a GRP of RMB586.7 billion, representing a 5.8% year-over-year ("YoY") growth and ranking 6th among 16 prefecture-level cities in Shandong Province. Meanwhile, the general budgetary revenue was RMB49.6 billion in 2024, reflecting an upward trend over the past three years. However, the Jining Municipal Government has moderate fiscal strength and debt profile. The Jining Municipal Government's 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 established in 1992 and was promoted as a national-level high-tech industrial development zone in 2010. It is situated in southern Shandong Province and encompasses an area of 255 square kilometers. Jining High-tech Zone has established four national industrial bases, including engineering machinery, photoelectric information, biotechnology, and new textile materials. In addition, it was selected as the pilot high-tech zone of national science and technology innovation service system, as well as innovative industrial cluster. Jining High-tech Zone has reported a steady economic growth. In 2024, the GRP of the Jining High-tech Zone increased by 6.3% YoY to RMB61.7 billion, accounting for around 10.5% of Jining City's GRP, ranking 4th among all districts and counties in Jining City. Jining High-tech Zone demonstrates a robust fiscal profile, characterized by a good revenue-generating ability and high self-sufficient capability. In 2024, its general budgetary revenue recorded RMB4.5 billion, with tax revenue representing 85.7% of the general budgetary revenue. Meanwhile, its fiscal balance ratios have remained above 140.0% over the past three years. As of 31 December 2024, its 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)	10.2	10.9	9.2

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

Government's Willingness to Provide Support

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, responsible for the development and operation of Jining High-tech Zone such as infrastructure construction and heat provision. 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.

Authorized by Jining High-tech Zone Management Committee, the Company undertakes infrastructure projects in Jining High-tech Zone under the agency construction model. The Company is responsible for financing and construction of the projects assigned by the local government and receives project repayments from the government based on the total cost plus a few percentage markups according to the project progress. With the ongoing development of Jining High-tech Zone, the Company is currently focusing on undertaking shantytown renovation projects. Some of these projects are undertaken by signing a government-purchase service agreement with the local government. The local government will make instalment payments within 15 years after the completion. 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 23 major completed infrastructure projects as of the same date, and it had received RMB7.1 billon of government paybacks from these projects. The outstanding government payment for completed projects amounts was approximately RMB1.2 billion, which is expected to be collected over the next 3 to 5 years. Considering the relatively large investment needs and long recovery period for the projects under construction, the Company may face certain capital expenditure pressure in the future.

JHUC also conduct several construction projects under self-operated model. As of 31 March 2025, there were 2 major self-operated projects under construction with a total investment of RMB9.2 billion and uninvested amount of RMB5.5 billion. The two projects involve comprehensive environmental management and urban renewal with the aim to simulate the economic growth and social benefit of Jining High-tech Zone. The Company is expected to achieve fund balancing through future sales and operating income, such as sales of residential and commercial properties, scenic spot operation, sand and gravel sales, as well as parking lot management. Overall, the relatively large substantial investment on the urban renewal project may put extra capital expenditure pressure on the Company in the near term, whilst future operating income remains uncertain, particularly in relation to sales of commercial properties.

Medium exposure to commercial activities

Apart from public services, 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. Although commercial activities contribute supplemental income to the Company, they may also pose higher operating and business risks than traditional infrastructure construction businesses.

JHUC has high-quality leasing assets which provides additional recurring income. The Company’s leasing business involves leasing of research base buildings, industrial parks, logistics parks, commercial buildings, and sewage treatment facilities to governmental organs and local enterprises, with a total leasable area of around 436.9 thousand square meters. All of the leasing assets have been leased out, generating leasing revenue of around RMB337.1 million in 2024, representing a YoY increase of 87.5% as completed projects gradually enter the leasing period. As of 31 March 2025, the Company had 3 leasing projects under construction, with an estimated total investment of RMB4.0 billion and an uninvested amount of RMB1.6 billion, exerting certain capital expenditure pressure on the Company. With the completion of these projects, the Company’s leasing income is expected to increase in the future. However, the leasing status will largely subject to the local economic environment, and the Company may face some uncertainties during contract renewal.

The Company’s property development business involves the construction and sale of two residential property projects. As of 31 March 2025, the Company’s key property projects under construction, with a total investment of RMB1.7 billion, and uninvested amount of RMB171.0 million. The majority of these projects have been sold, with accumulated contract sales amount of RMB1.5 billion, and the Company had received RMB1.5 billion of sales payback correspondingly. We consider the business risk of property development to be manageable, as the investment for construction projects is mostly completed, and there is no property development projects under planning in the next 12-18 months.

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. After several capital injections, the registered capital of the Company has increased from RMB200 million at the time of establishment to RMB470 million as of 31 March 2025. JHUC also has a good track record of receiving government payments. From 2023 to 2025Q1, the Company continued to receive government subsidies with a total amount of around RMB286.8 million to support its infrastructure construction and leasing businesses. The Company is also expected to receive payments from the local government for its infrastructure construction projects. As of 31 March 2025, JHUC had received project repayment of around RMB7.1 billion for its completed infrastructure projects, with a total invested amount of RMB7.3 billion. In addition, the local government transferred several resettlement housing assets with a book value of approximately RMB122.0 million to the Company in 2024, strengthening the Company's capital reserve. We expect the local government will continue to provide support to the Company, given the Company’s strong public policy role in Jining High-tech Zone and the large number of public projects under construction.

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. The Company is also facing certain short-term debt repayment pressure. As of 31 March 2025, the short-term debt increased to RMB3.7 billion from RMB3.1 billion as of end-2023, with short-term debt accounting for 33.3% of the total debts. The cash to short-term debt ratio remained low at around 0.2x. Given the substantial funding needs of debt repayment and the remaining construction investment, we expect the Company’s debt burden will remain high in the next 12 to 18 months.

In addition, JHUC’s asset liquidity is relatively weak, which may undermine its financial flexibility. The Company’s total asset mainly consists of inventories, other receivables, and construction in progress, accounting for 75.4% of the total assets as of end- 2024. The inventories and construction in progress are mainly cost of infrastructure construction, property development, and self-operating construction projects, while receivables were mainly receivables from the local government and other state-owned enterprises, all of which are considered low liquidity. In addition, as of 31 December 2024, the Company’s total restricted assets amounted to RMB6.2 billion, accounting for around 22.1% of the total assets, mostly due to borrowings. The relatively weak liquidity profile may affect the Company’s refinancing ability in the near term.

Good access to funding from banks and debt capital market

JHUC has access to multiple financing channels, including bank loans and bond issuances, which helps to relieve the capital expenditure pressure and to meet its refinancing needs. Bank loans account for 48.5% of the Company's total debts, while bond financing constitutes 49.7%, indicating a relatively high proportion of direct financing.

The Company has maintained a good relationship with joint-stock commercial banks, policy banks, and large state-owned commercial banks. As of 31 March 2025, the Company had obtained total bank credit facilities of RMB6.9 billion, with an unutilized amount of RMB1.9 billion, indicating a relatively sufficient liquidity buffer. The Company also has a good track record for fund-raising onshore activities in capital market. From January 2024 to August 2025, the Company had issued 8 tranches of debt products including medium-term notes ("MTNs") and corporate bonds raising RMB4.2 billion in total, with coupon rates range between 3.0% and 4.5%. Bond financing accounted for around 50.0% of the Company's total debt. However, the Company's relatively high reliance on direct financing may hinder its refinancing stability when capital market is fluctuating. In addition, the Company's exposure to non-standard financing is low, accounting for less than 5.0% of the total debts.

Large exposure to external guarantees

JHUC's credit profile is constrained by substantial external guarantees, which could potentially increase its repayment obligations. As of 31 March 2025, the Company's external guarantee further increased to RMB5.4 billion, accounting for 48.7% of its net assets. The Company provided RMB2.8 billion of guarantee to Shandong Haida Development and Construction Co., Ltd. ("SDHD"), which accounted for 52.8% of its total external guarantees. SDHD is a local state-owned enterprise ("SOE") that is under the control of Jining High-Tech Zone SASAC. Mutual guarantees between local SOEs in Jining City is common. Although all of the guaranteed parties are SOEs 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.

ESG Considerations

JHUC faces environmental risks through its infrastructure and shantytown projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects, as well as close supervision during construction.

JHUC bears social risks as it implements public policy initiatives by undertaking infrastructure construction projects in Jining High-tech Zone. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

JHUC's governance considerations are also material as the Company is subject to local government oversight and has to meet several 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_g	BBB_g-
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 Asset (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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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656