

## Credit Opinion

22 December 2025

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

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

### Surveillance credit rating report

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

#### Summary

The BBB<sub>g</sub>+ long-term credit rating of Hengyang High-tech Holding Group Co., Ltd. ("HHHG" or the "Company") 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.

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.



## Rating Drivers

- Most important entity for urban infrastructure construction in Hengyang HIDZ
- High sustainability for public policy businesses
- Medium exposure to commercial activities
- Good track of receiving government support
- Ongoing debt growth, with certain short-term debt repayment pressure
- Weak asset liquidity

## Rating Sensitivities

### 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.

## Key Indicators

	2022FY	2023FY	2024FY
Total Asset (RMB billion)	65.0	67.4	69.8
Total Equity (RMB billion)	27.1	27.7	28.1
Total Revenue (RMB billion)	3.4	3.6	3.6
Total Debt/Total Capital (%)	51.2	51.0	53.7

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

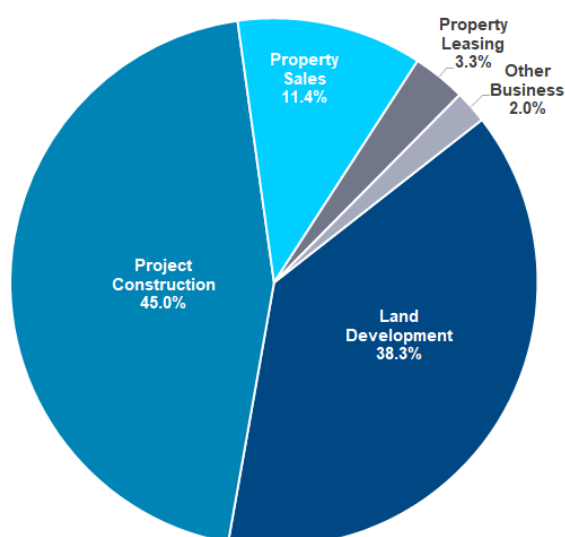
Source: Company data, CCXAP research

## 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.



### Exhibit 1. Revenue Structure in 2024



Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe that the Hengyang Municipal Government has a very strong capacity to provide support, given its economic importance in Hunan Province, with ongoing growth in economic and fiscal strengths.

Located in the central part of China, Hunan Province serves as a crucial national base for grain production, energy and raw material, modern equipment manufacturing, and high-tech industries, while also functioning as a comprehensive transportation hub. Benefiting from its strong transportation network and resource advantages, Hunan Province's economic strength improved with general regional product ("GRP") increasing from RMB5.0 trillion in 2023 to RMB5.3 trillion in 2024, maintaining its position as the 9<sup>th</sup> among all provinces in China and the 3<sup>rd</sup> among 6 provinces in central China. Its general budgetary revenue increased from RMB336.1 billion in 2023 to RMB344.9 billion in 2024, of which tax revenue accounting for 62.1%. In the first nine months of 2025, Hunan Province has achieved GRP of RMB4.0 trillion, with a year-on-year ("YoY") growth rate of 5.4%.

Located in Hunan Province, Hengyang City has a relatively high economic importance and ranks 4<sup>th</sup> by GRP among all the prefecture-level cities in Hunan Province. In recent years, Hengyang City has formed several pillar industries including machinery, metallurgy, chemical industry, building materials, textile, food processing, etc. Benefiting from its good industrial base and sound economic development, Hengyang City's GRP increased from RMB419.1 billion in 2023 to RMB449.2 billion in 2024, with growth rate of 5.4% YoY. General budgetary revenue remained stable at RMB19.6 billion in 2024, with tax income accounting for 66.1% of its fiscal revenue in 2024. In addition, Hengyang has moderate fiscal-balance level, with 28.2% in 2024. At the end of 2024, Hengyang's local government debt balance was RMB144.4 billion, accounting for 32.1% of GRP. In the first nine months of 2025, the GRP of Hengyang City was RMB33.2 billion, with a YoY growth rate of 5.0%.

### Exhibit 2. Key Economic and Fiscal Indicators of Hengyang City

	2022FY	2023FY	2024FY
GRP (RMB billion)	409.0	419.1	449.2
GRP Growth (%)	5.2	5.3	5.4
General Budgetary Revenue (RMB billion)	19.1	19.6	19.6



General Budgetary Expenditure (RMB billion)	61.8	66.3	69.4
Local Government Debt (RMB billion)	112.6	133.1	144.4

Source: Statistics Bureau of Hengyang City, CCXAP research

Approved by the State Council in 2012, Hengyang HIDZ is national-level high-tech zone located in Hengyang City, covering an area of 137.4 square kilometers. Hengyang HIDZ has formed six pillar industries including electronic information, mobile internet, intelligent equipment manufacturing, biomedicine, modern services and cultural creativity. It also has three pillar industries clusters including intelligent manufacturing, electronic information and high-tech service industry. In 2024, the GRP of Hengyang HIDZ amounted to RMB27.7 billion and general budgetary revenue achieved RMB544.0 million.

## Government's Willingness to Provide Support

### 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.

Entrusted by the local government, HHHG undertakes land development and infrastructure construction projects by self-raised funds. It has completed a number of projects, including land acquisition, land consolidation, and land development in Hengyang HIDZ. As of 31 December 2024, HHHG had 5 land development projects under construction or planning, with a total planned investment of RMB12.9 billion and an uninvested amount of RMB3.9 billion. At the same time, it had 11 infrastructure projects under construction or planning, with a total planned investment of RMB2.6 billion and an uninvested amount of RMB1.7 billion, indicating high capital expenditure pressure. As of the end of 2024, the Company recorded unsettled development costs for construction projects of RMB10.7 billion in inventory. In addition, the business is susceptible to local land planning and construction progress.

### Medium 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.



HHHG's property sales business mainly involves construction and sales of residential housing and commercial complexes in Hengyang HIDZ. The Company still has several large projects in the pipeline, causing high financing pressure. As of 31 December 2024, the Company had invested RMB5.3 billion into 5 completed real estate projects, with overall sales rate of 62.9% and sales amount of RMB3.4 billion. In addition, the Company had 1 real estate project under construction, with total planned investment and outstanding amount of RMB6.0 billion. However, the income from property development is susceptible to regional market demands, which may cause fluctuations in revenue and profit margin. In 2024, the revenue from property development amounted to RMB414.0 million, decreasing by 25.1% YoY, with a gross profit margin of 7.0%.

HHHG has leased self-owned investment properties in Hengyang HIDZ, such as commercial buildings, industrial plants and industrial parks, which can provide stable and increasing rental income to the Company. As of 31 December 2024, the Company owned rental properties with leasable area of 1.8 million square meters. However, the overall occupancy rate is moderate. In 2024, the revenue from property leasing amounted to RMB119.0 million, increasing by 11.6% YoY, but with gross losses due to large depreciation and amortization costs. The Company still has large amount of self-operated projects under construction or under planning, which will be sold out or leased after the projects are completed. As of 31 December 2024, the Company had 12 self-operated projects under construction or planning, with a total investment amount of RMB11.6 billion and an uninvested amount of RMB8.0 billion, indicating high capital expenditure pressure.

Apart from property sales and property leasing, the Company also has some other commercial businesses like cultural advertising, airport operations, fund management. All of those businesses have relatively small size and make limited contributions to the Company's revenue.

#### **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. The Company has received ongoing capital injection, significantly enhancing its capital strength. In 2024, the Company received capital injection of RMB40.0 million from the local government, and received government subsidies of about RMB825.0 million. Furthermore, the Company has also received special funds from the local government, with an outstanding amount of RMB110.8 million at end-2024. 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.

#### **Ongoing debt growth, with certain short-term debt repayment pressure**

HHHG's total debt continues to grow due to ongoing financing for the land development and infrastructure construction projects. 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. Given its large capital expenditure pressure, we expect the Company's debt burden will continue to grow in the next 12 to 18 months.

As of end-2024, the Company's outstanding external guarantees amounted to RMB2.2 billion, accounting for 7.9% of net assets. The beneficiaries of these guarantees were state-owned enterprises in Hengyang City and purchasers of commercial housing. We believe the contingent liability risk would be controllable as most of these local state-owned enterprises are likely to be supported by the local government when necessary.



### 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. The inventories and constructions in progress are development costs from land development and infrastructure construction projects, and other state-owned enterprises, and the investment properties are leasable properties, all with relatively low liquidity. However, the investment properties can provide certain supplemental income to the Company. As of 31 December 2024, the Company had restricted assets of RMB24.8 billion, accounting for 35.5% of its total assets.

### Good access to funding

HHHG has good access to funding from banks and capital markets. The Company has an approved line of credit from both commercial banks and policy banks, such as China Everbright Bank and China Development Bank. The Company has sufficient stand-by liquidity. As of 31 December 2024, it had obtained total credit facilities of RMB24.2 billion, with available credit facilities of RMB8.1 billion. The Company and its subsidiaries also have good access to bond markets and has issued multiple bond products in onshore capital market, such as MTNs, and private corporate bonds, raising about RMB4.8 billion from 2024 to 2025. Furthermore, the Company has expanded its funding channel to offshore bond market since 2024. In 2024, the Company issued 2 tranches of offshore RMB bonds with a total issuance amount of RMB674.0 million, with coupon rate of 3.15% and 5.98%. In addition, HHHG has low exposure to non-standard financing, which accounted for less than 5% of its total debts at end-2024.

### ESG Considerations

HHHG faces environmental risks because it has undertaken infrastructure construction and land development projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

HHHG bears social risks as it implements public policy initiatives by undertaking infrastructure construction and land development in Hengyang HIDZ. 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.

HHHG's governance considerations are also material as the Company is subject to oversight by the Hengyang Municipal Government 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 \(July 2022\)](#).



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