

## Credit Opinion

24 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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## Tianjin Jinnan State-owned Capital Investment and Operation Group Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms Tianjin Jinnan State-owned Capital Investment and Operation 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 Tianjin Jinnan State-owned Capital Investment and Operation Group Co., Ltd. ("JNSI" or the "Company") reflects (1) Jinnan District Government's strong capacity to provide support; and (2) the local government's very high willingness to provide support based on our assessment of the Company's characteristics.

Our assessment of the local government's capacity to provide support reflects Jinnan District's status as the one of the four districts surrounding the urban area of Tianjin with good industrial fundamentals. However, its fiscal self-sufficiency is moderate.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong strategic position as the most important integrated urban operation service provider in Jinnan District; (2) essential role in infrastructure construction and resettlement housing in the model towns of Jinnan District; and (3) good track record of receiving government support.

However, the rating is constrained by the Company's (1) increasing debt burden and moderate asset liquidity; (2) moderate access to funding; and (3) medium level of contingent risks.

The stable outlook on JNSI's rating reflects our expectation that the local government's capacity to provide support will be stable, and that the Company will maintain its important position in the development of Jinnan District over the next 12 to 18 months.

## Rating Drivers

- Strong strategic position as the most important integrated urban operation service provider in Jinnan District
- Essential role in infrastructure construction and resettlement housing in Jinnan District
- Good track record of receiving government support
- Low but increasing exposure to commercial activities
- Increasing debt burden and moderate asset liquidity
- Moderate access to funding
- Medium level of contingent risks

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability 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, reduced exposure to risky commercial activities, and enhanced funding ability.

### 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 policy significance, increased exposure to risky commercial activities, or weakened access to funding.

## Key Indicators

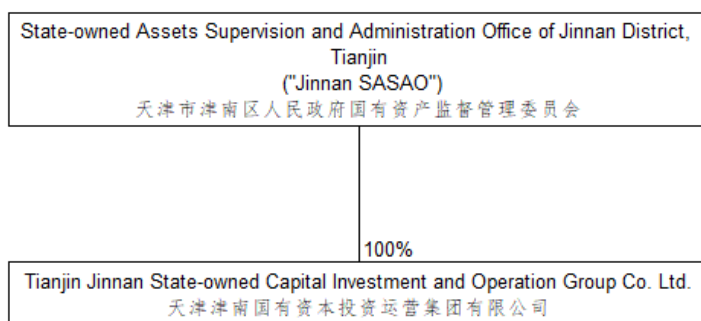
	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	91.1	88.0	102.5	108.3
Total Equity (RMB billion)	29.9	30.2	33.2	34.8
Total Revenue (RMB billion)	1.5	1.0	1.2	0.4
Total Debt/Total Capital (%)	53.4	53.5	56.0	58.4

Source: Company data, CCXAP research

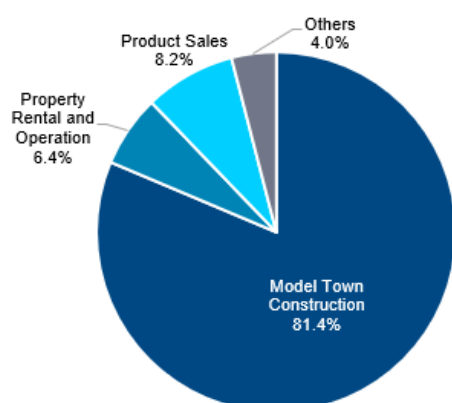
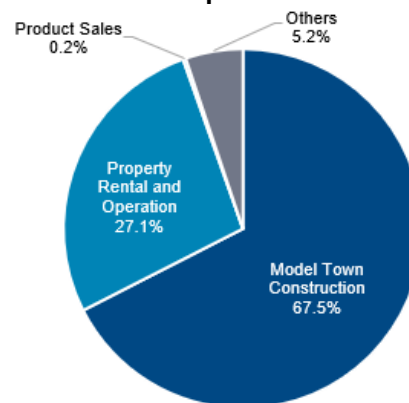
## Corporate Profile

Established in February 2024, JNSI is the most important local infrastructure investment and financing company ("LIIFC") in Jinnan District. The Company consolidated several local state-owned enterprises ("SOEs") through equity transfers in 2023, solidifying its functional positioning as an urban service provider.

As of 30 September 2025, the State-owned Assets Supervision and Administration Office of Jinnan District, Tianjin ("Jinnan SASAO") directly held 100.0% of the Company's shares. JNSI has undertaken the functions of urban operation, infrastructure construction and resettlement housing in most of the model towns in Jinnan District. It is also involved in commercial businesses including industrial investment, asset operation and trading.

**Exhibit 1. Shareholding chart as of 30 September 2025**

Source: Company information, CCXAP research

**Exhibit 2. Revenue structure in 2024****Exhibit 3. Gross profit structure in 2024**

Source: Company information, CCXAP research

**Rating Considerations****Government's Capacity to Provide Support**

We believe that Jinnan District Government has a strong capacity to provide support to the Company, given its status as one of the four districts surrounding the Tianjin metropolitan area. Jinnan District's economic and fiscal strength has improved over years of development. However, its fiscal metrics are moderate.

Tianjin, located in Northern China, is one of China's four municipalities under the direct administration of central government with relatively good economic strength and industrial base. In 2024, it achieved a gross regional production ("GRP") of RMB1.8 trillion with a year-over-year ("YoY") growth rate of 5.1%; and in the first three quarters of 2025, the GRP of Tianjin City amounted to RMB1.3 trillion, with a YoY growth rate of 4.7%. Tianjin's major industries include petrochemical, textiles, car manufacturing, mechanical, and metalworking industries. Benefited from the strong performance of favored industries, Tianjin City reported general budgetary revenue of RMB213.4 billion in 2024, indicating a YoY increase of 5.3%. Tax revenue is the main contributor to general budgetary revenue, averaging accounting for around 76% over the past three years. However, its fiscal balance ratio (general budgetary revenue/general budgetary expenditure) is moderate, with a 3-year average ratio of 62.7%, reflecting a reliance on fiscal support from central government to balance its fiscal budget. Moreover, the government fund revenues have been increasing over the last three years due to the recovery of the land market. The high linkage between its fiscal revenue and the property market would increase volatility and uncertainty in government fiscal profile. In addition, Tianjin City has an increasing and heavy government debt burden due to large prior investments in municipal construction and resettlement housing construction, which may weaken the refinancing capacity of its SOEs. As of 31 December 2024, the local government's outstanding

debt amounted to RMB1.3 trillion, accounting for 74.4% of the GRP. Tianjin City, as a key region for government debt resolution, has received policy guidance and continuous support from higher-tier governments, including refinancing bond funds. In recent years, the local LIIFCs in Tianjin City have been primarily focused on debt resolution and enhancing corporate liquidity. As the debt resolution process advances, financial institutions' confidence in the region has seen some restoration, but in the long term, reliance on economic growth and industrial transformation remains essential.

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

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,631.1	1,673.7	1,802.4
GRP Growth (%)	1.0	4.3	5.1
General Budgetary Revenue (RMB billion)	184.7	202.8	213.4
General Budgetary Expenditure (RMB billion)	273.0	328.0	362.7
Local Government Debt (RMB billion)	864.6	1,111.8	1,340.3

Source: Statistics Bureau of Tianjin City, CCXAP research

Jinnan District is located in the south-eastern part of Tianjin and is one of the four districts surrounding the Tianjin urban area. It is an important corridor between the central city and the Binhai New Area, with obvious transport advantages. Through the construction and operation of the Haihe Education Park, the National Convention and Exhibition Centre and the Tianjin Intelligent Valley, Jinnan District has combined education and industrial development to form leading industries such as advanced metallurgy, equipment manufacturing, biomedicine and electronic information. In 2024, there were 135 newly signed industrial projects landed in Jinnan District, forming multi-industrial clusters.

In recent years, the development speed of Jinnan District has been slowdown and the government debt has been rising rapidly. Its economic and financial strength ranked in the middle and upper echelons of Tianjin City. In 2024, the GRP of Jinnan District increased by 4.5%. Meanwhile, Jinnan District reported the general budgetary revenue of RMB5.7 billion in 2024, increasing from RMB5.4 billion in 2023. Taxes represented a moderate proportion of its revenue, accounting for around 57.8% on average over the past three years. In addition, government fund revenue, mainly from land concession, is an important supplement to the financial resources of Jinnan District. In 2024, the government fund revenue of Jinan District was RMB5.4 billion, increased significantly as compare to 2023. Jinnan District's fiscal balance ratio remains moderate, recorded at an average ratio of 56.4% during the past three years, reflecting reliance on fiscal support from higher-tier governments. As of 31 December 2024, the local government's outstanding debt amounted to RMB80.6 billion, accounting for around 140.2% of the GRP.

#### **Exhibit 5. Key economic and fiscal indicators of Jinnan District**

	2022FY	2023FY	2024FY
GRP (RMB billion)	55.4	56.2	57.5
GRP Growth (%)	-7.4	1.5	4.5
General Budgetary Revenue (RMB billion)	5.0	5.4	5.7
General Budgetary Expenditure (RMB billion)	7.5	9.6	12.3
Local Government Debt (RMB billion)	57.3	67.7	80.6

Source: Statistics Bureau of Jinnan District, CCXAP research

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

### **Strong strategic position as the most important integrated urban operation service provider in Jinnan District**

Under the management of Jinnan District Government, there are a small number of LIIFCs in Jinnan District with a high degree of functional concentration. Among them, JNSI is a core entity with the largest asset scale in investment and operation of infrastructure construction in Jinnan District. As the end of September 2025, the Company's total assets amounted to around RMB108.3 billion. In 2023, Jinnan SASAO transferred 90.08% of the equity of Tianjin Jinnan Urban Construction Investment Co., Ltd. ("JNUC") to the Company, which has become a core subsidiary of JNSI to perform its functions. In addition, JNUC has the largest amount of outstanding bonds among the LIIFCs in Jinnan District. A default by any of the Company's subsidiaries could have a significant negative impact on the reputation of the local government and the local refinancing environment. The Company is mainly responsible for the construction of resettlement housing and infrastructure in most of the model towns in Jinnan District.

### **Essential role in infrastructure construction and resettlement housing in Jinnan District**

JNSI's primary public activities include construction projects for resettlement housing and infrastructure construction in Jinnan District, based on the local government's investment promotion plans. These projects cover the core areas of Jinnan District and are essential to local economic development.

JNSI is engaged in infrastructure construction and resettlement housing in Jinnan District mainly through agent construction model. Under the agent construction model, the Company signs construction agreements with the Jinnan District Government and carries out land acquisition and demolition, infrastructure and resettlement housing construction. Jinnan District Government will pay the total cost plus a few percentage markups after examining the projects. As of 31 March 2025, the Company had completed 11 infrastructure projects, with a total investment of RMB17.4 billion. These projects had already entered the settlement period, with RMB1.5 billion in government payments remaining uncollected as of that date. Meanwhile, the Company had no infrastructure project under construction or planning. In terms of resettlement housing, the Company had completed 10 housing projects as of 31 March 2025, with a total investment of RMB51.2 billion. The outstanding receivable amount for these completed resettlement housing projects is RMB15.9 billion. The sizable outstanding amount of government account receivables indicates that the Company is experiencing delays in project payments, thereby tying up its funds and imposing certain burden on its capital allocation.

The Company's model town construction projects are primarily sourced from the local government's regional planning. JNSI's model town projects have been carried out previously, and majority of the past revenue has primarily been generated from this business. Most of the projects are in the completion and resettlement phase with a limited outstanding investment amount. Additionally, the Company holds some self-owned properties within the model town development, which generate a certain amount of rental and service income annually through leasing. As of 31 March 2025, the Company had three resettlement housing projects under construction, with a total investment of RMB8.2 billion and an outstanding investment amount of RMB2.3 billion. As the main entity for infrastructure construction and state-owned asset operation in Jinnan District, the Company will participate in urban renewal projects through a self-operated model in the future, given the limited project reserves in its model town and relatively small scale of future investment.

### **Low but increasing risk exposure to commercial activities**

JNSI is also engaged in some commercial activities including industrial investment, asset operation and trading. Based on our assessment, its risk exposure to commercial activities is relatively small but increasing as these commercial activities are in their early stages and require further capital investment.

JNSI is engaged in industrial funds and equity investment through its subsidiaries, which are in the early stage of development. As of 30 September 2025, the Company has co-invested as an LP in five industry funds to bolster key sectors in Jinnan District. The committed capital of these industrial funds is RMB4.0 billion, with the main investment direction being strategic emerging industries such as intelligent manufacturing, artificial intelligence, medical and healthcare and big data. As of 30 September 2025, the Company had contributed a paid-in capital of RMB1.9 billion. The Company recorded an investment income of RMB58.9 million and RMB1.7 billion in 2024 and the first nine months of 2025, respectively. The Company realized a relatively substantial one-off gain from equity investments in 2025, primarily due to the disposal of certain investment holdings to another local SOE. However, despite the relatively good return from equity and fund investment, the expansion of the financial services business may pose credit contagion and investment risks to the Company.

JNSI conducts asset operations through the construction of industrial parks and the leasing of related properties. The Company mainly operates three industrial parks with a total leasable area of 179.3 thousand square meters and generates revenue from leasing and providing business incubation services to tenant companies. In 2024, the Company recorded RMB75.0 million of income from leasing and asset operation services, with a gross margin of 35.3%. However, during the downturn in the market economy and tenant changes, the occupancy rate of the Company's industrial park was moderate at around 70%. In addition, the Company had two industrial investment projects under construction with a total planned investment of RMB5.2 billion and an outstanding amount of RMB1.8 billion as of 31 March 2025. These projects, primarily comprising industrial parks and real estate developments, are constructed using the Company's self-raised funds. The investment is planned to be recouped through property sales, leasing, and operational income. However, the operation of the industrial parks and increasing investment in property development may bring more operating uncertainties and financial risks to the Company, particularly during the economic downturn in China.

In addition, the Company's trading business mainly deals in cold-rolled coils, pork, and aluminum profiles. The Company mainly adopts a demand-on-purchase model and makes the confirmation on volume and prices with downstream customers before procurement. It has a high concentration of suppliers and customers, and its counterparties comprise private entities, which exposes the Company to certain business risks. Meanwhile, this business segment contributes a relatively small portion of both profit and trading volume. In 2024, JNSI recorded RMB95.3 million in revenue from its trading business, realizing a gross margin of less than 1%.

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

JNSI has a track record of receiving support from the local government in the form of cash subsidies, capital injection, refinancing bond funds, debt resolution funds, and equity share transfers. In 2024, Jinnan SASAO transferred the equity of several local SOEs including JNUC to JNSI which became operating entities for JNSI's resettlement housing and infrastructure construction business. As of 30 September 2025, the Company's subsidiary JNUC had received a total of RMB9.0 billion in government refinancing bond funds, which has provided significant support for its debt repayments. Meanwhile, from 2024 to 2025Q3, the Company had received RMB6.0 billion of government special purpose funds to support its projects construction. In terms of government subsidies, the Company continuously received subsidies from the local government with total amount of RMB80.1 million over the same period, supporting its business operations. Moreover, JNSI had received RMB1.1 billion in infrastructure projects repayment from the local government in 2024. We expect



government support to JNSI to remain stable over the next 12 to 18 months, given its important urban service operator role.

### **Increasing debt burden and moderate asset liquidity**

JNSI's total debt has been increasing over the past three years due to its ongoing investment in resettlement housing projects and self-operated projects. As of 30 September 2025, the Company's total debt increased to RMB48.7 billion from RMB34.7 billion at end-2023. At the same time, its total capitalization ratio, measured by total debt to total capital, increased to 58.4% from 53.5% over the same period. Meanwhile, the Company had moderate short-term debt burden as the short-term debt accounted for 42.2% of its total debt and the cash to short-term debt ratio was 0.4x as of 30 September 2025, reflecting the insufficient coverage of its upcoming debt obligations. Given the Company's future investments in construction projects and reliance on external funding, its debt level is expected to remain elevated over the next 12-18 months.

In addition, JNSI has moderate asset liquidity, which may undermine its financial flexibility. As of 30 September 2025, 76.6% of its total assets were concentrated in inventories and account receivables. These assets mainly consist of construction costs for infrastructure and resettlement housing projects, land reserves as well as receivables from government-related entities and other local SOEs, which are all considered as having low liquidity. A majority of the Company's model town construction projects have entered the settlement stage, with revenue recognized in accordance with the construction agreements signed with local governments. However, government repayments have lagged in recent years. As of 30 September 2025, the Company's accounts receivable amounted to RMB20.9 billion and are characterized by a relatively long collection cycle, which has resulted in a certain tie-up of the Company's operating funds. Moderate asset liquidity may also undermine the Company's financing flexibility. Additionally, the Company had pledged some assets for loan, and the total restricted assets was RMB56.5 million as of 30 September 2025.

### **Moderate access to funding**

JNSI has access to different sources of funding including bank loans, onshore bond issuances, and non-standard financing products, which may partially release capital expenditure pressure and liquidity profile. The Company maintains good relationships with policy banks and state-owned commercial banks such as the Agricultural Development Bank of China and China Construction Bank. As of 30 September 2025, it had obtained total credit facilities of RMB50.8 billion with an available portion of RMB25.5 billion, indicating sufficient standby liquidity. The Company also has a track record of issuing different kinds of bond products such as SCPs, PPNs, MTNs and corporate bonds through its subsidiary JNUC. From January to 15 December 2025, the Company has issued 16 tranches of onshore bonds, raising RMB11.0 billion. The Company's bond financing is predominantly reliant on the rollover of short-term and ultra-short-term financing instruments. In addition, it maintained a moderate level of exposure to non-standard financing channels (mainly finance leases and trust lending), which generally entail higher financing costs.

However, the Company's financing environment is moderate, which constraint its flexibility in obtaining funds. This is primarily reflected in the relatively high debt burden of the local government, and the financing environment for public-sector activities like infrastructure has tightened, reflecting enhanced risk-control regulations in Tianjin City. Nonetheless, owing to the Company's strategic importance in Jinnan District, we anticipate that government support could help mitigate its refinancing pressure.

### **Medium level of contingent risks**

The Company faces certain contingent liability risks resulted from external guarantees. As of 30 September 2025, its external guarantees amounted to RMB7.6 billion, accounting for 21.8% of its net assets. All of these guarantees were provided to local SOEs with counter-guarantee measures. Therefore, we consider the relevant risks to be controllable. However, in case of regional credit risk incidents, the Company may face some compensation risks arising from joint default events.

## ESG Considerations

JNSI faces environmental risks because it has undertaken infrastructure construction and resettlement housing projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

The Company is exposed to social risks as a public services provider. Demographic changes, public awareness, and social priorities shape the government's target for JNSI and affect the government's propensity to support the Company.

JNSI'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 \(July 2022\)](#).



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