

Credit Opinion

24 March 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g
Outlook	Positive

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Neijiang High-tech Investment Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of BBB_g to Neijiang High-tech Investment Co., Ltd., with positive outlook.

Summary

The BBB_g long-term credit rating of Neijiang High-tech Investment Co., Ltd. (“NJHI” or the “Company”) reflects local government’s (1) strong capacity to support, and (2) extremely high willingness to support, based on our assessment of the Company’s characteristics.

Our assessment of the local government’s capacity to support reflects the status of Neijiang High-tech Industrial Development Zone (“Neijiang HIDZ”) as a national-level development zone with improving economic strength and fiscal profile, and broad development potential and growth space.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) high strategic importance within Neijiang HIDZ with comprehensive infrastructure and industry development mandates; (2) good sustainability of public policy businesses; and (3) good track record of receiving government support. However, NJHI’s rating is constrained by its (1) medium exposure to commercial activities; (2) fast-growing debt resulting from large development pipelines; and (3) medium contingent liability risk from external guarantees.

The positive outlook on NJHI’s rating reflects our expectation that the local government’s capacity to provide support will continue to strengthen, along with Neijiang HIDZ’s rapid economic and societal growth, and the Company will maintain its important position of infrastructure and industry development platform of Neijiang HIDZ over the next 12-18 months.

Rating Drivers

- High strategic importance within Neijiang HIDZ with comprehensive infrastructure and industry development mandates
- Medium exposure to commercial activities
- Good track record of receiving government support
- Fast-growing debt resulting from large development pipelines
- Asset liquidity needs to be improved
- Medium contingent liability risk from external guarantees

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as improvement in access to funding.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in exposure to commercial activities.

Key Indicators

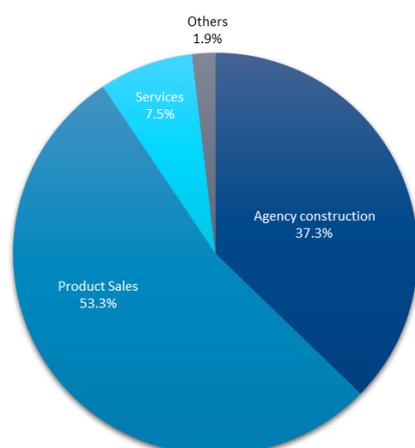
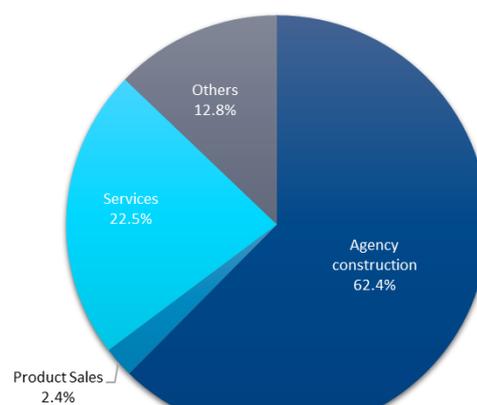
	2022FY	2023FY	2024FY	2025H1
Total Asset (RMB billion)	8.3	10.5	14.7	21.4
Total Equity (RMB billion)	5.0	5.2	5.4	9.5
Total Revenue (RMB billion)	0.8	1.3	1.9	1.3
Total Debt/Total Capital (%)	28.0	35.4	49.0	43.2

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

Source: Company data, CCXAP research

Corporate Profile

Established in 2017 and wholly-owned by the Neijiang HIDZ Management Committee, NJHI serves as the key investment, construction, and operation entity for the Neijiang HIDZ. It has evolved into a key integrated industry-city development service provider, with businesses covering infrastructure development, commodity trading, labor dispatch, sewage treatment, property management, and asset operations. As of 30 June 2025, the Company had a registered and paid-in capital of RMB2.2 billion.

Exhibit 1. Revenue structure in 2024**Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

Rating Considerations

Government Capacity to Provide Support

We believe that the local government has a strong capacity to provide support for the Company, given Neijiang HIDZ's status as a national-level development zone with improving economic strength and fiscal profile, and broad development potential and growth space.

Neijiang City is a prefecture-level city located in the southeast of Sichuan Province, positioned at the center of the Chengdu-Chongqing economic axis. It serves as a key national and regional transportation hub. In 2025, it achieved a Gross Regional Product ("GRP") of RMB205.1 billion, representing a year-on-year ("YoY") growth of 6.6%, ranking 10th in Sichuan Province. The city's economy is driven by a "4+2" modern industrial system, centered on four leading industries—shale gas, vanadium-titanium, food and beverage, and equipment manufacturing—as well as two emerging sectors: biomedicine and electronic information. Fiscal revenue has shown steady growth, with general public budget revenue increased from RMB7.6 billion in 2022 to RMB9.2 billion in 2024. However, the local government's fiscal self-sufficiency rate remains relatively low at 26.1%, indicating a continued reliance on upper-level government transfers. The proportion of tax income within the general public budget revenue declined to 41.1% in 2024 from 46.9% in 2022. The outstanding direct government debt balance also increased rapidly to RMB84.4 billion by the end of 2024 from RMB62.5 billion at end-2022, accounting for 43.5% of the GRP.

Exhibit 3. Key Economic and Fiscal Indicators of Neijiang City

	2022FY	2023FY	2024FY
GRP (RMB billion)	165.7	180.7	194.3
GRP Growth (%)	1.5	7.0	6.8
General Budgetary Revenue (RMB billion)	7.6	8.5	9.2
General Budgetary Expenditure (RMB billion)	25.5	30.9	35.1
Local Government Debt (RMB billion)	62.5	69.9	84.4

Source: Statistics Bureau of Neijiang City, CCXAP research

Neijiang HIDZ was established in May 2014 and was upgraded to a national-level high-tech zone in 2017. The Zone is structured as “One Zone with Five Parks”, and has adopted a strategic “industry + fund” development model, focusing on cultivating three pillar industrial clusters—electronics information, intelligent manufacturing, and the digital economy. The zone has demonstrated strong economic growth, with its GRP reaching RMB28.9 billion in 2024, representing a high YoY growth rate of 9.9%. In the first half of 2025, its GRP reached RMB15.2 billion. Fiscal capacity is supported by a growing general public budget revenue, which amounted to RMB1.5 billion in 2024, accompanied by a sound fiscal self-sufficiency rate of 84.7%. Moreover, the average proportion of tax revenue within the budgetary income from 2022 to 2024 achieved 87.1%, indicating good fiscal stability. Furthermore, the government’s debt burden has been increasing to RMB2.3 billion at end-2024 from RMB1.5 billion at end-2022, accounting for 17.7% of the GRP.

Exhibit 4. Key Economic and Fiscal Indicators of Neijiang HIDZ

	2022FY	2023FY	2024FY
GRP (RMB billion)	23.8	26.3	28.9
GRP Growth (%)	3.5	10.5	9.9
General Budgetary Revenue (RMB billion)	1.1	1.3	1.5
General Budgetary Expenditure (RMB billion)	1.5	1.7	1.8
Local Government Debt (RMB billion)	1.5	1.9	2.3

Source: Neijiang HIDZ Management Committee, CCXAP research

Neijiang HIDZ has achieved rapid economic and societal growth in recent years, which has provided opportunities and needs for the development of infrastructure and supporting facilities in Neijiang HIDZ, in turn driving the growth of NJHI’s business.

Government Willingness to Provide Support

High strategic importance within Neijiang HIDZ with comprehensive infrastructure and industry development mandates

NJHI is the primary entity responsible for the integrated development, investment, financing, construction, and operation of industrial parks within Neijiang HIDZ. Its functions encompass urban infrastructure (roads, utilities, standard factories), industrial development, industrial investment and public utilities, aligning closely with the Neijiang HIDZ’s development strategy. In this role, the Company stands out as the specialized executor of the region’s industrial transformation, setting it apart from other LIIFCs in the region. This central role implies a very high level of strategic importance and a low probability of being replaced.

NJHI undertakes infrastructure construction projects under an entrusted agency model on behalf of the Neijiang HIDZ Management Committee, signing construction agreements with government departments, and earning a fee based on project investment costs plus a markup of 20% since 2024. While this business generates stable revenue, it faces the challenge of lengthy government payment cycles. As of mid-2025, the Company had invested RMB2.2 billion into completed infrastructure construction projects with confirmed revenue of RMB719.0 million, but no corresponding collections have been received, leading to large inventories and receivables that strain working capital. As of 30 June 2025, the Company had a large amount of infrastructure projects under construction and planning with a total estimated investment of RMB2.8 billion, an uninvested amount of RMB2.3 billion. The Company maintains a sizable pipeline of ongoing and planned projects, ensuring business sustainability but also exerting continued high capital expenditure pressure.

Moreover, the Company commenced operating the exclusive sewage treatment plant in the Baima Industrial Park of Neijiang HIDZ in 2023 under a three-year contract, with a designed daily capacity of 5,000 tons and a contracted treatment fee of RMB13.5 per ton. It generated treatment revenue of RMB15.0 million in 2023 and RMB22.0 million in 2024. No revenue was recognized in the first half of 2025, as the annual settlement is scheduled for the second half of the year. This operation benefits from a regional monopoly and exhibits high gross margins (74.8% and 82.4% for 2023 and 2024), primarily due to extended depreciation periods (50 years) for the assets. To enhance treatment capacity, the Company had an upgrade and expansion of Baima plant project under construction, with total investment of RMB87.5 million as of 30 June 2025. While revenue scale is still modest currently, it is expected to grow as the number of enterprises in the park increases and following the completion of the upgrading and capacity expansion project.

Medium exposure to commercial activities

We consider NJHI to have medium exposure to commercial activities, such as commodity sales, real estate development, entrusted loans, and self-operated projects construction, accounting for around 30.0% of its total assets. These activities provide supplementary income to the Company but exert certain funding and business risks.

The Company engages in commodity sales business. Although this business has limited profit margins, it is one of the Company's important sources of revenue. The revenue reached RMB1.2 billion in 2025H1. It involves the trading of steel products, timber, agricultural products, and other bulk commodities. The business operates on a "sales driven" model. The average gross profit margin of this business sector was low between 2022 and 2024. In 2024, the top 5 clients and suppliers accounted for around 33.8% and 57.6% of total sales and procurement, respectively, indicating certain concentration in upstream suppliers. In addition, the business carries a relatively large volume of trade receivables. As of the end of 2024, the Company's combined accounts receivable from four customers, which comprise both local state-owned enterprises and private enterprises, totaled RMB292.0 million, accounting for 26.8% of its total accounts receivable, warranting close monitoring of the subsequent collection of payments and progress of goods delivery.

With the aim to attract investments and promote the development of local industries, the Company is also engaged in construction of self-operated projects, such as industrial plants, which will be operated, sales or leased out for fiscal balance. As of 30 June 2025, the Company had 13 self-operated projects under construction, with a total estimated investment of RMB5.6 billion and an uninvested amount of RMB3.7 billion, and 3 self-operated projects under planning, with an estimated investment amount of RMB758.8 million. Given the large investment amount of self-operated projects, we believe the Company may face certain capital expenditure pressure, and there is uncertainty in terms of investment returns because future operations of self-operated projects are subject to local industry development.

NJHI engages in strategic equity investments, primarily through fund investments and equity investments, targeting industries aligned with the Neijiang HIDZ's development focus, such as semiconductors, shale gas, and new materials. However, these investments are generally in an early or growth stage, without significant dividend income. From 2023 to 2024, the Company generated investment income of RMB1.3 million and RMB1.6 million, respectively, from its equity investment portfolio. These investments represent potential future returns but currently contribute minimally to earnings.

NJHI also undertakes asset operation business, which encompasses the operation of concession rights and real estate development. Following a significant concession right injection in 2025H1, the Company holds a portfolio of nine operation rights, such as construction waste utilization, cultural tourism, packaged water

production, with a total book value of RMB4.0 billion. These assets are primarily leased to third-party operators to generate rental income. As of mid-2025, the concession rights with evaluated value of RMB3.8 billion had been leased, projecting annual rental income of approximately RMB206.8 million until 2030, yet no corresponding collections have been received. Moreover, the Company has entered to real estate development business since 2024. As of 30 June 2025, the Company had 2 residential and 2 commercial projects under construction, with a total planned investment of RMB1.4 billion and an outstanding amount of RMB892.0 million.

NJHI also engages in property management business, focusing on government resettlement housing within Neijiang HIDZ and generating a small but stable income stream. As of 30 June 2025, the Company managed 5 property management projects with a total area of approximately 777,200 square meters (“sqm”). The Company aims to reach a total managed area of 900,000 sqm within the next 2-3 years. The property management business has demonstrated strong revenue growth, with annual revenue expanding to RMB52.0 million in 2024 from RMB4.0 million in 2022, while gross margins are relatively high (ranging from 23.0% to 27.7%) and are sensitive to fluctuations in labor costs.

The Company provides labor dispatch services primarily to government departments, schools, and public institutions within Neijiang HIDZ, with around 26 partner organizations. This business holds a strong regional position. From 2022 to 2024, the Company's labor dispatch revenue grew modestly to RMB44.0 million from RMB32.0 million, with gross margins remaining low (below 5.0%) except for a notable increase to 10.4% in 2024 following operational optimizations. This business relies heavily on stable clients like government units and schools in Neijiang HIDZ (top 5 clients accounted for 35.7% of 2024 revenue), providing a reliable income stream.

The Company also operates businesses including property leasing, parking lot operation, and canteen food supply. However, these operations are small in scale and therefore provide limited supplementation to the Company's operating revenue.

Good track record of receiving government payments

NJHI has a good track record of receiving support from local government in terms of capital injection, asset injection and subsidies, greatly increasing the financing stability and comprehensive competitiveness of the Company. From 2022 to 2024, the Company received capital injections of RMB228.0 million from the local government. In terms of asset injections, the Neijiang HIDZ Management Committee injected 9 operation rights to the Company, increasing capital reserves by RMB4.0 billion in 2025H1, contributing the Company's diversified income stream. The Company also regularly received government subsidies with a total amount of RMB50.7 million from 2022 to 2025H1. Given NJHI's important role in the region, we expect the Company will continue to receive support from local government in the future.

Fast-growing debt with decreasing debt leverages due to large amount of asset injection

Due to the continuous investment in construction projects, NJHI's total debt has been growing over the past three years. As of 30 June 2025, the Company's total debt increased to RMB7.2 billion from RMB2.0 billion as of end-2022. Benefited by the large amount of asset injection from the local government in 2025, its total equity increased significantly. As a result, the total capitalization ratio decreased from 49.0% at end-2024 to 43.2% as of 30 June 2025. In addition, the Company has a relatively high short-term debt servicing pressure, as reflected by its cash to short-term debt ratio of 0.4x and the short-term debt to total debt ratio of 36.6% at mid-2025. We expect the Company to remain high debt growth in the next 12 to 18 months, given its large capital expenditure needs for its extensive construction projects in the pipeline.

Weak asset liquidity

As of 30 June 2025, the Company's inventories and total receivables accounted for 54.0% of total assets. The inventories primarily comprise development costs associated with its infrastructure construction projects, while the receivables are mainly unreceived payments from local government, as well as trade-related credit sales, most of which are considered low liquidity. At the same time, the investment properties and the intangible assets that comprise of operating rights injected by the government, accounted for 9.3% and 20.6% of total assets, respectively, which can provide supplementary income to the Company.

Limited access to funding channels

NJHI shows moderate access to funding, as it mainly relies on bank loans and special-purpose bonds. As of 31 December 2024, it had total credit facilities of approximately RMB5.4 billion, with unused portion of RMB1.7 billion, indicating liquidity buffer. Given the Company's limited available credit facilities amount and large outstanding investment amount on its infrastructure construction projects, we consider additional funding channels are needed to fulfil its large capital expenditure, such as through onshore and offshore debt capital markets.

Medium contingent liability risk from external guarantees

NJHI has medium exposure to contingent liabilities. As of 31 December 2024, the Company's external guarantee amount was RMB2.0 billion, accounting for about 36.5% of its net assets. Most of the external guarantees were provided to local state-owned enterprises ("SOEs") in Neijiang City and the remaining was provided to the Company's joint venture private-owned enterprise (RMB100.0 million). We estimate most of these local SOEs are likely to be supported by the local government when necessary, so that contingent risk would be controllable.

ESG Considerations

NJHI assumes environmental risks through its infrastructure construction 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, NJHI has played a crucial role in the social welfare of Neijiang HIDZ by involving the infrastructure construction and water treatment projects.

In terms of corporate governance, NJHI's governance considerations are also material as the Company is subject to oversight and reporting requirements of the local government, 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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