Credit Opinion

4 September 2026

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

Analyst Contacts

Amy Chen +852-2860 7127
Credit Analyst
amy_chen@ccxap.com

Eddie Li +852-2860 7128
Credit Analyst
eddie_li@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

Jiangsu Jinguan Investment Development Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of BBB_g to Jiangsu Jinguan Investment Development Group Co., Ltd., with stable outlook.

Summary

The BBB_g long-term credit rating of Jiangsu Jinguan Investment Development Group Co., Ltd. ("Jinguan Group" or the "Company") reflects (1) Lianyungang Municipal Government's very strong capacity to provide support; and (2) the local governments' moderate willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Lianyungang Municipal Government's capacity to provide support reflects Lianyungang City's improving economic profile with sustainable industrial development, but constrained by moderate fiscal metrics. Guannan County, under the jurisdiction of Lianyungang City, ranks in the medium tier in terms of both aggregate economic output and fiscal revenue.

The rating also reflects the local governments' willingness to provide support, which is based on the Company's (1) full ownership and ultimate control by the Lianyungang Municipal Government; (2) status as the key public utility and infrastructure platform with exclusive regional franchise in Guannan County; and (3) good track record of receiving ongoing government support.

However, the rating is constrained by the Company's (1) moderate commercial-project exposure associated with property development; (2) weak asset liquidity and elevated short-term refinancing pressure; and (3) high exposure to contingent-liability risk from external guarantees.

The stable outlook on Jinguan Group's rating reflects our expectation that, in the next 12 to 18 months, the local governments' capacity to support will remain stable, and the Company will maintain its strategic position in the development of Guannan County.

Rating Drivers

- Key public utility and infrastructure platform with exclusive regional franchise
- Moderate commercial-project exposure associated with property development
- Good track record of receiving ongoing government support
- Weak asset liquidity and high short-term refinancing pressure
- Solid access to bank financing and refinancing channels
- High exposure to contingent-liability risk from external guarantees

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local governments' capacity to support strengthens; or (2) the Company's characteristics change in a way that strengths the local governments' willingness to support, such as decrease in exposure to external guarantees or improvement in assets liquidity.

What could downgrade the rating?

The rating could be downgraded if (1) the local governments' capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local governments' willingness to support, such as decrease in government support, or deterioration in debt management.

Key Indicators

	2023FY	2024FY	2025FY	2026Q1
Total Asset (RMB billion)	34.9	37.5	41.1	43.5
Total Equity (RMB billion)	16.9	17.6	17.8	18.6
Total Revenue (RMB billion)	1.0	1.0	1.1	0.4
Total Debt/Total Capital (%)	45.5	45.1	46.4	46.8

All ratios and figures are calculated using CCXAP's adjustments

Source: Company data, CCXAP research

Corporate Profile

Founded in December 2003, Jinguan Group is an important state-owned infrastructure and public-utility platform in Guannan County, Lianyungang City. The Company mainly undertakes infrastructure construction, land consolidation and water-related public-utility operations in Guannan County. It also engages in property development and sales, property leasing, supply-chain services, and self-operated industrial projects.

In June 2026, Guannan County Government transferred 100% of the equity interest in Jiangsu Jinguan Industry Development Holding Group Co., Ltd. ("JGIH"), the Company's immediate parent, to the Lianyungang Municipal Government to optimize state-owned asset management. JGIH is one of the largest state-owned enterprises in Guannan County, and Jinguan Group serves as its primary operating subsidiary, accounting for more than 80% JGIH's total assets. As of 30 June 2026, Jinguan Group became wholly owned and ultimately controlled by the Lianyungang Municipal Government via JGIH.

Exhibit 1. Revenue structure in 2025

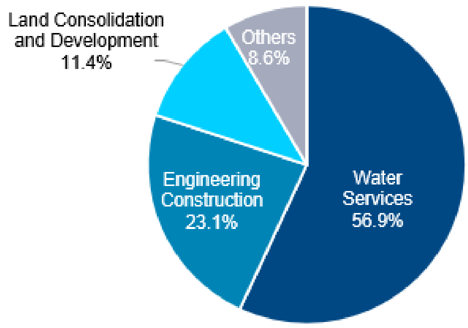
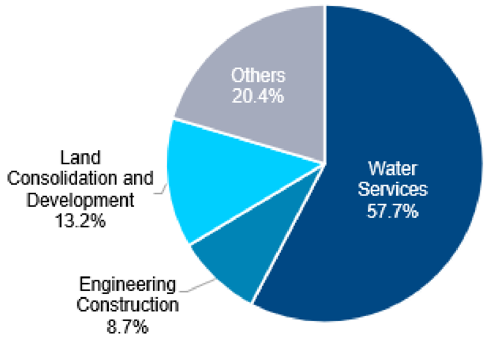


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Shareholding structure as of 30 June 2026

Source: Company information, CCXAP research

Rating Considerations

Government’s Capacity to Provide Support

We believe that Lianyungang Municipal Government has very strong capacity to provide support, supported by its gross regional product (“GRP”) of over RMB480.0 billion with rapid growth rate, with good industrial development and port resources. The aggregate economic output and fiscal strength of Guannan County ranks in the medium tier among all the districts and counties in Lianyungang City.

Jiangsu Province is one of China’s most economically developed provinces, ranking second nationally by GRP. Located in the Yangtze River Delta and along China’s eastern coast, Jiangsu Province benefits from a well-developed manufacturing base, extensive transport infrastructure, strong private-sector activity and a diversified industrial structure. Its GRP increased from RMB12.8 trillion in 2023 to RMB14.2 trillion in 2025. General public-budget revenue increased to RMB1.0 trillion in 2025. The per capita GRP also ranked top among all provinces in China for years.

Exhibit 4. Key Economic and Fiscal Indicators of Jiangsu Province

	2023FY	2024FY	2025FY
GRP (RMB billion)	12,822.2	13,700.8	14,235.2
GRP Growth (%)	5.8	5.8	5.3
General Budgetary Revenue (RMB billion)	993.0	1,003.8	1,024.6
General Budgetary Expenditure (RMB billion)	1,524.2	1,529.4	1,519.0
Local Government Debt (RMB billion)	2,273.3	2,822.8	3,392.8

Source: Statistics Bureau of Jiangsu Province, CCXAP research

Lianyungang is a coastal prefecture-level city in northeastern Jiangsu and an important port and logistics gateway along the eastern coastal development belt. The city benefits from its port resources and industrial base in petrochemicals, new materials, port logistics, agriculture and related processing industries. Although its economic and fiscal scale remains at the lower end among Jiangsu's prefecture-level cities, its economy has expanded steadily. Its GRP increased from RMB436.4 billion in 2023 to RMB483.1 billion in 2025, following growth of 10.2% in 2023, 5.8% in 2024 and 5.0% in 2025. Lianyungang City's fiscal profile also improved over the period, but the self-sufficiency ratio remained relatively low. General Budgetary Revenue increased from RMB25.6 billion in 2023 to RMB30.6 billion in 2025, while tax revenue accounting for an average of 73.4% of general public-budget revenue. Its fiscal self-sufficiency ratio improved from 44.6% in 2023 to 50.3% in 2025. The governmental fund revenue is an important supplement to the fiscal resources of the Lianyungang Municipal Government, which highly depends on the performance of land sales market. As of end-2025, the government's direct debt reached RMB98.6 billion, accounting for around 20.4% of its GRP.

Exhibit 5. Key Economic and Fiscal Indicators of Lianyungang City

	2023FY	2024FY	2025FY
GRP (RMB billion)	436.4	466.3	483.1
GRP Growth (%)	10.2	5.8	5.0
General Budgetary Revenue (RMB billion)	25.6	28.7	30.6
General Budgetary Expenditure (RMB billion)	57.5	59.6	60.8
Local Government Debt (RMB billion)	73.3	85.3	98.6

Source: Statistics Bureau of Lianyungang City, CCXAP research

Guannan County is located in the southern Lianyungang City, bordering Huai'an City and Yancheng City, and serves as a major transportation hub in the northern Jiangsu Province. The county has established key industrial cluster in steel, advanced chemical materials, active pharmaceutical ingredients, green food, machinery, electronics, and new pharmaceuticals. Guannan County's GRP ranks in the mid-tier within Lianyungang City, expanding from RMB49.2 billion in 2023 to RMB53.5 billion in 2025. General budgetary revenue rose gradually from RMB2.5 billion in 2023 to RMB2.6 billion in 2025. Tax revenue remains a stable source, averaging 71.8% of the budgetary revenue over the past three years. Guannan County's fiscal profile is constrained by weak self-sufficiency ratio, which averaged 40% during the same period, as well as declined government fund revenue amid land market softness. The local government relies heavily on subsidies from higher-tier governments to maintain fiscal balance. As of end-2025, the government's direct debt was RMB10.8 billion, representing for 20.1% of its GRP.

Exhibit 6. Key Economic and Fiscal Indicators of Guannan County

	2023FY	2024FY	2025FY
GRP (RMB billion)	49.2	51.7	53.5
GRP Growth (%)	5.0	5.7	5.0
General Budgetary Revenue (RMB billion)	2.5	2.6	2.6
General Budgetary Expenditure (RMB billion)	6.3	6.4	6.7
Local Government Debt (RMB billion)	10.0	9.9	10.8

Source: Statistics Bureau of Guannan County, CCXAP research

Government's Willingness to Provide Support

Key public utility and infrastructure platform with exclusive regional franchise

Jinguan Group is a wholly government-owned enterprise for local infrastructure construction, land consolidation and public-utility operations in Guannan County. Its close government linkage and county-level public-service mandate support the relevant governments' willingness to provide support. The Company's parent, JGIH, is one of the largest state-owned enterprises in Guannan County, with activities covering infrastructure construction, utility services, industrial development, and financial services. As of 31 March 2026, the Company had total assets of RMB43.5 billion and 48 consolidated subsidiaries. Its asset base includes water-service assets, infrastructure and land-consolidation project costs, land resources and investment properties, demonstrating its role as a principal local state-owned entity for public-policy project implementation and asset operation.

The Company's utility operations are conducted through its subsidiary, Lianyungang Shuoxianghu Water Group Co., Ltd. ("Water Group"), which is the sole water operator in Guannan County. Water Group provides countywide water supply, industrial wastewater treatment, water-installation and pipeline-maintenance services. The Company's water supply covers the entirety of Guannan County, including the townships, with two water treatment plants with a combined daily supply capacity of approximately 160,000 tones and a distribution network spanning 4,900 kilometers. Water tariffs are set by the government and remain relatively stable. Sales volume has been increasing annually, with residential consumption accounting for approximately 70% of the total and industrial/commercial consumption for about 26%. Meanwhile, Water Group is the sole heat supplier in Guannan Chemical Industrial Park. Industrial heat supply is susceptible to investment attraction efforts and production capacity fluctuations within chemical industrial parks. Revenue from heat supply operations has remained stable over the past two years. In addition, the Company provides industrial wastewater treatment across Guannan County, with a treatment capacity of 34,500 tonnes per day. The Company's countywide water franchise, wastewater-treatment function and exclusive chemical-park heat-supply role make it difficult to replace in its core public-service functions.

The Company has undertaken fundamental infrastructure construction land-consolidation tasks in Guannan County. It undertakes municipal-road, shantytown-renovation and environmental-improvement projects under cost-plus repurchase or agency-construction-fee models. The Company also undertook specialty-agriculture land-consolidation projects commissioned by local SOEs. As of the end of March 2026, the Company's inventory includes approximately RMB5.9 billion in investment costs related to infrastructure construction and land development. The local government settles projects and recognizes revenue annually in accordance with the plan. At the same time, the Company had no large-scale infrastructure or land development projects under construction or in the planning. As the primary infrastructure tasks in Guannan County have been largely completed, this segment will primarily involve the carry-over of existing projects, resulting in limited future sustainability.

Moderate commercial-project exposure associated with property development

Jinguan Group has moderate exposure to commercial projects, including property development, engineering services, and supply chain operations. These commercial operations are highly market-driven and subject to market volatility, consequently, they are less likely to receive direct government support compared with the Company's public-service operations. In recent years, the Company has adopted a relatively cautious approach to commercial investments, keeping risks under control.

Jinguan Group takes a cautious approach on real estate development and the primary execution risks stem from slow sell-through rates of completed projects and a sizable undeveloped land bank. The Company had two main property projects, namely Financial Centre and Yihaoyuan, which were completed in 2019 and 2021 respectively. Financial Centre is a commercial office building with a total investment of RMB244.0 million. As of 31 March 2026, the sell-through rate of the Financial Centre was approximately 14.5%, and the remaining area is available for sale or lease. Yihaoyuan is a residential property project with a total investment of RMB370 million, with relatively slow sales progress. As of 31 March 2026, the sell-through rate of Yihaoyuan was approximately 21.6%. Property-sales revenue declined to RMB16.5 million in 2025 from RMB51.2 million in 2024, reflecting weak market conditions and continued de-inventory pressure. Furthermore, as of 31 March 2026, Jinguan Group held a large inventory of land parcels earmarked for development, though near-term commencement expectations remain low given prevailing market headwinds.

Jinguan Group also develops self-operated industrial projects that directly align with Guannan County's regional investment promotion initiatives. As of 31 March 2026, the Company had one major industrial project, with the total planned investment of RMB15.0 million. Meanwhile, the Company provides tap water installation and pipeline maintenance services in Guannan County through a subsidiary, generating an important supplement of its operating revenue. Revenue from tap water installation and pipeline maintenance services rose to RMB162.1 million in 2025, driven by expanding local investment activity, while maintaining a strong gross margin of nearly 30%. In addition, the Company conducts supply chain business focused on daily necessities and chemical raw materials, with revenue recognized on a net basis. It also involves some food supply operations. These accounted for a small proportion of revenue and makes a low contribution to gross profit.

Good track record of receiving ongoing government support

The Company has received continuous support from the local government through asset transfers, subsidies and government-related project arrangements. From 2023 to 2025, the Guannan County Government continued to transfer assets such as water-pipeline assets and water-source-site land-use rights into the Company, increasing its capital reserve from RMB11.2 billion to RMB12.7 billion. In addition, the Company received a total of RMB433.3 million in government subsidies between 2023 and 2025.

The support record, together with the important position in local public utilities, demonstrates the Company’s close integration with Guannan County’s public-service and fiscal system. Nevertheless, support has partly taken the form of asset transfers and project arrangements rather than recurring cash injections. The timeliness of government-related project settlements and future support therefore remains important.

Weak asset liquidity and high short-term refinancing pressure

The Company’s overall asset liquidity is weak. As of 31 March 2026, inventories comprised 51.2% of total assets, with undeveloped land parcels representing over 70% of the inventory balance. Given current property and land market softness, both the local government and the Company exhibit low development appetite, resulting in subdued land monetization potential and depressed development expectations. Meanwhile, accounts receivable and other receivables totaled RMB7.0 billion, primarily consisting of outstanding construction payments due from agency construction projects and outstanding balances with local SOEs. While the risk of non-recovery is low, the overall pace of collection is relatively slow. As of 31 March 2026, restricted assets totaled RMB9.2 billion, accounting for 21.1% of total assets, limiting financial flexibility. The monetization of these assets depends on future operating performance, leasing demand or asset sales and is less predictable.

The Company's total debt has seen modest growth over the past three years, reflecting its relatively prudent approach to investment and debt management during this period. From 2023 to 2026Q1, the total interest-bearing debt increased from RMB14.1 billion to RMB16.3 billion, and the total capitalization ratio (calculated by total debt to total capital) increased slightly from 45.5% to 46.8%. However, short-term debt is relatively high for the Company, which accounted for 48.0% of total debt at 31 March 2026. The relatively good cash-to-short-term-debt coverage ratio remained above 0.5x for the past three years. Considering its capacity to service debt through recurring operating performance is relatively weak, the Company remains resilient on refinancing to address near-term maturities. Its good connection with the banks could partially mitigate its short-term refinancing pressure.

Solid access to bank financing and refinancing channels

The Company's primary funding sources are bank borrowings and bond issuances, which accounted for around 86.0% and 14.0% of total debt, respectively, as of the end of 2026Q1. The Company maintains solid relationships with policy banks and major state-owned commercial banks, with the total credit facilities of RMB16.7 billion and the available portion of RMB1.6 billion. The Company also has access to the domestic and offshore bond market. Capitalizing on a declining interest rate environment, onshore financing costs have trended lower; for example, three tranches of three-year private placement bonds issued in 2025 carried coupon rates below 2.7% each. In offshore capital markets, the Company has two outstanding USD-denominated bonds with a total principal amount of USD150.0 million. The Company enjoys relatively smooth access to bank financing and refinancing channels. However, similar to other regional state-owned enterprises, the Company's financing is susceptible to the influence of local government financing policies and the local financing environment. The Company had no exposure to non-standard financing products as of 31 March 2026.

High exposure to contingent-liability risk from external guarantees

The Company's external-guarantee exposure is high. As of March 2026, the total guaranteed balance reached RMB11.5 billion, accounting for 62.2% of the net assets. While guaranteed entities were regional SOEs, the guarantees were generally provided without counter-guarantees. Any deterioration in a guaranteed entity's debt-servicing capacity could require the Company to provide liquidity support or meet repayment obligations, adding pressure to its cash position and refinancing needs. In case a credit event occurs in the region, the Company may face certain contingent liability risks, which could negatively impact its credit quality.

ESG Considerations

Jinguan Group faces environmental risks from water supply, industrial wastewater treatment, chemical-park heat supply and infrastructure construction. Water quality, wastewater discharge, chemical-park safety and environmental compliance are material considerations. These risks are partly mitigated by government supervision and the Company's safety-production and project-management policies.

The Company provides essential countywide water and wastewater services, heat supply to Guannan Chemical Industrial Park, and local infrastructure and renovation projects. Service disruption could have social and reputational consequences, supporting the governments' willingness to provide support.

Governance is material because the Company is fully government-owned and subject to policy-directed investment and government oversight. The June 2026 change in ultimate control and December 2025 cancellation of the supervisory board warrant continued monitoring of governance arrangements and internal controls.

Rating Methodology

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

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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