

CCXAP affirms Fujian Jinjiang Construction Investment Holding Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 28 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed Fujian Jinjiang Construction Investment Holding Group Co., Ltd.'s ("FJCI" or the "Company") long-term credit rating at A_g-, with stable outlook.

The A_g- long-term credit rating of FJCI reflects (1) Jinjiang City Government's 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 Jinjiang City Government's capacity to support reflects the Jinjiang City's robust private sector and strong comprehensive strength, ranked 8th by comprehensive strength among the top 100 counties (including county-level cities) in China, with ongoing growth in economic and fiscal strength.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) dominant strategic role as the largest state-owned enterprise in Jinjiang City; (2) high sustainability of public policy projects; and (3) good track record of receiving government support. However, the rating is constrained by the Company's (1) relatively high debt leverage; (2) moderate asset liquidity; and (3) relatively high reliance on non-standard financing.

Corporate Profile

Founded in 2018, after the consolidation of other state-owned enterprises in Jinjiang City, FJCI has become the largest local infrastructure investment and financing companies ("LIIFCs") by total assets in Jinjiang City. The Company is the most important infrastructure construction and urban operation services entity in Jinjiang City. It primarily engages in infrastructure construction, public transport operation, land development and consolidation, and affordable housing construction. The Company also engages in commercial business such as property development, material trading, security services, and property leasing. As of the end of September 2024, the Company was wholly owned and ultimately controlled by Jinjiang State-owned Assets Operation and Security Center.

Rating Rationale

Credit Strengths

Dominant strategic role as the largest state-owned enterprise in Jinjiang City. The Company is the most critical urban construction and development entity, as well as the largest LIIFC in Jinjiang City with a dominant position in various public policy projects, including infrastructure construction, affordable housing construction, and land consolidation. Considering its strategic significance to the development of Jinjiang City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

High sustainability of public policy projects. The urban development and construction segments are FJCI's core business, covering infrastructure building, affordable housing construction, and land development in Jinjiang's core areas. With numerous large-scale ongoing projects, the Company shows strong stability and sustainability in the urban development and construction business.

Good track record of receiving government support. FJCI has a good track record of receiving payments from the Jinjiang City Government. From 2023 to 2024Q3, the local government provided cumulative subsidies of RMB651.3 million to the Company. The Company's paid-in capital increased by RMB80.0 million in 2023. Meanwhile, it also obtained special funds of RMB1.5 billion from 2023 to 2024Q3.

Credit Challenges

Relatively high debt leverage. Due to the expansion of the construction projects, FJCI demonstrated fast debt growth over the past year. Its total debt increased from RMB63.8 billion at the end of 2022 to RMB80.7 billion as of 30 September 2024, while its total capitalization ratio increased from 56.8% to 64.2% over the same period, maintaining a relatively high level.

Moderate asset liquidity. FJCI's asset liquidity is moderate, which may undermine its financial flexibility. The Company's total assets are mainly composed of inventory and contract assets, accounting for 80.5% of the total assets as of 30 September 2024. Inventory and contract assets are mainly the construction costs of public projects, with relatively low liquidity.

Relatively high reliance on non-standard financing. FJCI's debt mainly consists of bank borrowings, non-standard financing, and bond issuances. The Company maintains a good relationship with large domestic banks, and approximately 27.5% of its debt is bank loans. As of 30 September 2024, non-standard financing accounted for 27.7% of the total debt. The Company has a relatively high exposure to non-standard financing, such as financial leasing, and trustee financing.

Rating Outlook

The stable outlook on FJCI's rating reflects our expectation that Jinjiang City Government's capacity to support will remain stable, and the Company will maintain its important position in infrastructure construction in Jinjiang City over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Jinjiang City 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 decrease in exposure to commercial activities.

What could downgrade the rating?



The rating could be downgraded if (1) Jinjiang City 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 market position, or material decrease in government payments.

Rating Methodology

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

Regulatory Disclosures

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