

Credit Opinion

16 September 2025

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

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Jiangsu Shuanghu Investment Holding Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Jiangsu Shuanghu Investment Holding Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Summary

The BBB_g- long-term credit rating of Jiangsu Shuanghu Investment Holding Group Co., Ltd. ("SHIH" or the "Company") reflects (1) the Jianhu County 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 Jianhu County's status as one of the CCID Top 100 Counties in China and its relatively good economic position among counties/districts in Yancheng City. However, its fiscal metrics are moderate and its debt profile is relatively weak.

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 and largest local infrastructure investment and financing company ("LIIFC") in Jianhu County; (2) key role in resettlement housing, infrastructure construction and public services in Jianhu County; and (3) good track record of receiving government support.

However, the rating is constrained by the Company's (1) increasing exposure to commercial activities; (2) certain exposure to non-standard financing; and (3) medium level of contingent risk.

The stable outlook on SHIH's rating reflects our expectation that the Jianhu County Government's capacity to provide support will remain stable, and the Company will maintain its important position in Jianhu County over the next 12-18 months.

Rating Drivers

- Strategic position in the development of Jianhu County
- Key role in resettlement housing, infrastructure construction and public services in Jianhu County
- Increasing exposure to commercial activities
- Relatively high debt leverage with relatively high short-term debt burden
- Certain exposure to non-standard financing
- Good track record of receiving government support
- Medium level of contingent risk

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 increased regional importance, enhanced debt management, and improved financing 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 regional significance, increased exposure to risky commercial activities or material increase in contingent risks.

Key Indicators

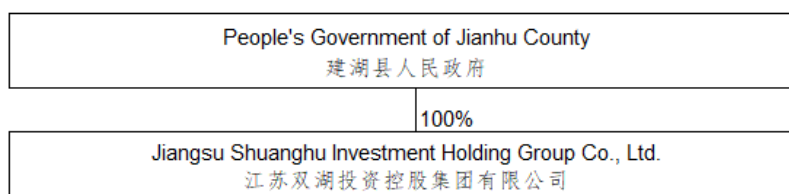
	2022FY	2023FY	2024FY	2025Q1
Total Assets (RMB billion)	73.5	76.9	80.8	81.9
Total Equity (RMB billion)	33.5	34.4	34.3	34.4
Total Revenue (RMB billion)	2.6	2.6	2.4	0.8
Total Debt/Total Capital (%)	49.7	50.9	52.9	53.4

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

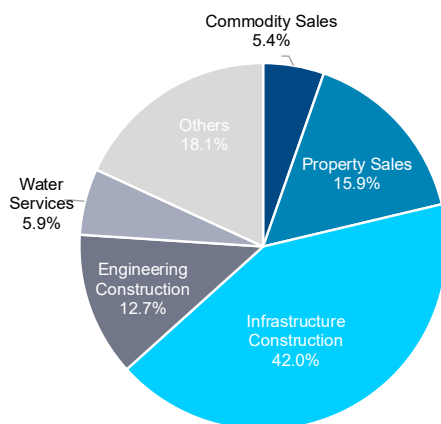
Source: Company data, CCXAP research

Corporate Profile

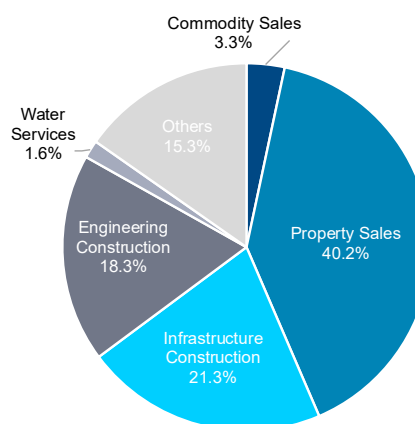
Founded in 2017, SHIH consolidated several local state-owned enterprises in 2021, making it the largest LIIFC by total assets in Jianhu County. The Company is responsible for the investment and operation of resettlement housing and infrastructure construction in Jianhu County. SHIH has a diversified business scope including infrastructure construction, engineering construction, water service, property sales, and commodity sales. As of 31 March 2025, Jianhu County Government ultimately controlled SHIH and directly held 100% shares of the Company.

Exhibit 1. Shareholding chart as of 31 March 2025

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

Source: Company information, CCXAP research

Exhibit 3. Gross profit structure in 2024**Rating Considerations****Government's Capacity to Provide Support**

We believe that the Jianhu County Government has a strong capacity to provide support, given its status as one of the CCID Top 100 Counties in China and its economic and fiscal strength has improved over years of development. However, its fiscal metrics are moderate and debt profile is relatively weak.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by GRP, after Guangdong Province. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. The GRP per capita for the same period was RMB160,694.0, ranking top among all provinces in China.

Yancheng City is a prefecture-level city in Jiangsu Province, with a good economic foundation. Based on its advantageous traditional industries including autos, textiles, steel, and chemical industries, Yancheng City is undergoing an economic transition and is developing emerging industries such as new energy vehicles and core components, new energy, new generation information technology, new materials, big health and digital economy and ocean economy industries, which help support sustainable economic growth in the long run. In 2024, Yancheng City achieved a GRP of RMB777.9 billion with a 5.5% YoY growth rate, ranking 8th among 13 municipals in Jiangsu Province. In the first half of 2025, Yancheng City recorded a GRP of RMB275.9 billion, a YoY increase of 6.8%. The general budgetary revenue increased annually on the back of steady economic growth and optimized upgrading of the industrial structure. In 2024, the general budgetary revenue rose to RMB49.6 billion from RMB48.3 billion in 2023, while tax revenue decreased slightly to RMB33.5 billion from RMB34.1 billion. The three-year average fiscal stability (tax revenue/general budgetary revenue) remained

relatively stable at 67.9%. However, the fiscal sufficiency of Yancheng Municipal Government is moderate, as reflected by its 3-year average fiscal balance ratio (general budgetary revenue/general budgetary expenditure) of 41.5% for the period 2022 to 2024. As of the end of 2024, the local government's outstanding debt increased to RMB196.2 billion, accounting for around 25.2% of its GRP.

Exhibit 4. Key economic and fiscal indicators of Yancheng City

	2022FY	2023FY	2024FY
GRP (RMB billion)	708.0	740.4	777.9
GRP Growth (%)	4.6	5.9	5.5
General Budgetary Revenue (RMB billion)	45.3	48.3	49.6
General Budgetary Expenditure (RMB billion)	109.4	122.8	113.7
Local Government Debt (RMB billion)	153.5	165.5	196.2

Source: Yancheng Municipal Government, CCXAP research

Jianhu County is a county under the jurisdiction of Yancheng City. Jianhu County ranked 74th among the Top 100 counties in China released by 2025 CCID Consulting County Economic Annual Research Report. Jianhu County's economic and fiscal volume are at the middle level among counties/districts in Yancheng City, but its GRP per capita is at the front tier. Jianhu County has established three pillar industries: high-end equipment manufacture, new energy and the electronic information industry, with their economic contributions increasing yearly. From 2022 to 2024, Jianhu County's economic strength improved steadily with GRP increasing from RMB71.2 billion to RMB78.0 billion. In the first half of 2025, Jianhu County recorded a GRP of RMB39.3 billion, a YoY increase of 6.2%. Taxes represent the primary source of the general budgetary revenue in Jianhu County, accounting for an average of 71.2% of the general budgetary revenue over the past three years. However, Jianhu County Government's fiscal balance ratio is relatively low, averaging 34.8% over the past three years, reflecting a high reliance on fiscal support from higher-tier governments and proceeds from land sales to balance its fiscal budget. Its outstanding government debt increased to RMB23.4 billion at end-2024, accounting for around 30.0% of GRP.

Exhibit 5. Key economic and fiscal indicators of Jianhu County

	2022FY	2023FY	2024FY
GRP (RMB billion)	71.2	73.3	78.0
GRP Growth (%)	5.0	6.8	5.7
General Budgetary Revenue (RMB billion)	3.8	4.2	4.3
General Budgetary Expenditure (RMB billion)	11.5	12.0	11.5
Local Government Debt (RMB billion)	17.8	19.5	23.4

Source: Jianhu County Government, CCXAP research

Government's Willingness to Provide Support

Strategic position in the development of Jianhu County

There are five major LIIFCs in Jianhu County under the control of the Jianhu County Government. Among them, SHIH is a key entity with the largest asset scale in investment and operation of infrastructure construction in Jianhu County. As of 31 March 2025, the Company's total assets amounted to around RMB81.9 billion. In addition, the Company has the largest volume of outstanding bonds among the LIIFCs in Jianhu County. A default by SHIH could have a significant impact on the local government's reputation and local financing environment. The Company is mainly responsible for resettlement housing, infrastructure construction, water supply and sewage treatment in the urban area of Jianhu County. The other four LIIFCs' main business scopes

are the rural area of Jianhu County, Jianhu Economic Development Zone, Jianhu High-tech Industrial Development Zone and Jiulongkou Tourist Resort, respectively. Each LIIFC in Jianhu County has a clear position under the government's planning.

Key role in resettlement housing, infrastructure construction and public services in Jianhu County

SHIH is one of the core LIIFCs in Jianhu County which is responsible for important infrastructure construction tasks in Jianhu County, including shantytown projects, resettlement housing and road construction, as well as providing public services including water supply and sewage treatment.

SHIH is engaged in infrastructure construction within Jianhu County mainly through agent construction model. Under the agent construction model, the Company signs construction agreements with the related parties and the related parties will pay the total cost plus a few percentage markups after examining the projects. As of the end of 2024, the Company had 8 entrusted construction projects under construction with a total investment of around RMB3.1 billion and an uninvested amount of around RMB56.0 million. The Company is also engaged in engineering construction business such as road construction, pipeline network construction and water installation works within Jianhu County and its neighboring regions.

The Company's resettlement housing projects are primarily structured in two models, self-development and agent construction model. Under the self-development model, the Company raises funds for construction and gives priority to the sale of resettlement housing to locally relocated households in accordance with the relocation policy of Jianhu County. Government subsidies are provided if the sales price is below the construction cost and some housing is allowed to be sold at market prices when resettle is finished. As of 31 December 2024, the affordable housing projects under the self-development mode had been basically completed and there were no planned projects. Sales of the Company's affordable housing stock are progressing slowly and are susceptible to downturns in the property market. Under the agent construction model, the resettlement housing will be transferred and settled on prices set by the local government that are slightly higher than the costs. As of 31 December 2024, the Company had 3 resettlement housing projects under agent construction with a total investment of around RMB1.4 billion and an uninvested amount of around RMB128.0 million and no resettlement projects under planning. As infrastructure improves in the main urban area of Jianhu County, the demand for resettlement housing in urban areas is decreasing. After the consolidation of local state-owned enterprises, SHIH undertakes development projects in other areas such as Shanggang Town according to the planning of the local government.

SHIH provides public utility services such as water supply, sewage treatment and bus operations in Jianhu County with regional monopoly advantages. It is the sole water supplier within the main urban area of Jianhu County. As of the end of 2024, the Company operated 2 water plants and 6 sewage treatment plants with a daily water supply capacity of 175 thousand tons and a daily sewage treatment capacity of 86.5 thousand tons, respectively. Due to its public welfare characteristic, the water supply business maintains a low gross profit margin. As of the end of 2024, the Company had two water plants under construction, with a total investment of around RMB384 million and an uninvested amount of around RMB109.0 million, which is expected to further enhance the Company's water supply capacity upon completion.

The Company's bus operations, conducted through its subsidiary, Jianhu County Transportation Investment Co., Ltd. ("JHTI"), recorded a revenue of RMB1.1 million in 2024. However, the segment remained consistently unprofitable due to its public-oriented policies. In April 2025, JHTI was transferred to another state-owned enterprise in Jianhu County.

Increasing exposure to commercial activities

SHIH is also engaged in some commercial activities such as commodity sales, commercial property development, leasing business and security services. Based on our assessment of its assets, its exposure to commercial activities is relatively small but increasing such as the ongoing investment in new energy and property development.

The Company's property development business primarily faces de-stocking challenges arising from market environment fluctuations, including sales pressure from residential housing projects under its self-operated model and uncertainties in market demand for its commercially developed residential properties. The Company adopted a prudent development strategy and moderate investment approach for its commercial housing projects. As of 31 December 2024, the Company had one commercial residential project on sale, with a total investment of RMB179.0 million and a sales rate of 35.2%. At the same time, the Company has one planned project with a total planned investment of RMB173.0 million, whose development progress is contingent on market conditions.

The Company's commodity sales segment consists primarily of medical consumables, steel and metal materials. The Company mainly adopts a demand-on-purchase model and makes the confirmation on volume and prices with downstream customers before procurement of steel and metal materials. While for the procurement of medical consumables, suppliers are generally required to pay a performance guarantee equivalent to 5% of the successful bid price upon signing a contract with the Company. The income is mainly derived from trading medical consumables with Shuanghu Chinese Hospital and the neighboring pharmacies, although the scale is not significant. In 2024, the revenue of the Company's commodity sales reached RMB128.4 million, decreasing by 46.9% from RMB241.9 million in 2023, which is primarily attributable to the shift in revenue recognition from the gross method to the net method. The profitability of SHIH's commodity sales remained relatively weak, with the gross profit margin of 13.6%.

SHIH gains property leasing income from renting office buildings, storefronts, and water pipeline assets, all of which are acquired from asset injections, build and purchases. This sector is at relatively low business risks as most of them were leased to the local government or government-related parties but its contribution to revenue remains low. In 2024, the rental income increased to RMB118.4 million from RMB56.4 million and gross profit also margin increased to 44.7% from 42.8%.

The Company is also engaged in the photovoltaic power project through self-construction. Under the national "double carbon" goal, Jianhu County is one of the pilot counties promoting the distributed photovoltaics industry in Jiangsu Province. SHIH plans to invest two photovoltaic projects, including distributed photovoltaic power and charging pile installations, with the total investment of RMB300.0 million. However, the projects face execution risks, including construction delays, uncertainty in policy, and intensifying market competition, which could lead to cash flow volatility and capital expenditure pressure.

Good track record of receiving government support

SHIH and its subsidiaries have a good track record of receiving support from the local government in the form of asset injections, equity transfers, debt swap funds and government subsidies. In 2021, the local government transferred its holding of several important state-owned enterprises into the Company, making it the largest LIIFC in Jianhu County. From 2023 to 2024, the Company received government subsidies with a total value of around RMB517.2 million. In addition, the Company received around RMB150.0 million in capital injection and RMB792.9 million in debt repayment funds from the local government in 2023. We expect that the Company will maintain its strategically important position in infrastructure construction in Jianhu County, and the local

government will continue to support its development.

Relatively high debt leverage with relatively high short-term debt burden

SHIH's debt burden and debt leverage are relatively high mainly due to ongoing financing for construction projects and affordable housing. From 2023 to 2024, SHIH's total debt grew to RMB38.5 billion from RMB35.6 billion, which is mainly financed for ongoing project investment. The Company's debt leverage, measured by the total capitalization ratio has risen gradually over the past three years and reached 52.9% at end-2024. During the first quarter of 2025, the Company's total debt and capitalization ratio further increased to RMB39.5 billion and 53.4%, respectively. In addition, the Company has a relatively high short-term debt burden. It reported short-term debts of RMB16.8 billion as of 31 March 2025, accounting for 42.6% of its debts. At the same time, the cash to short-term debt ratio was 0.3x, indicating a relatively high refinancing need. The Company is expected to continue relying on external financing for debt repayment and construction projects. We expect that the Company's debt leverage will maintain at a relatively high level in the next 12-18 months.

Besides, SHIH's asset liquidity was moderate. As of 31 December 2024, the Company pledged a number of assets for loans, including cash, inventories, and investment properties, with a total restricted amount of RMB14.0 billion, accounting for 19.8% of total assets. Moreover, the Company's receivables (receivables and other receivables) were relatively high, accounting for around 33.1% of total assets. The targets of account receivables are mainly the Finance Bureau of Jianhu County, government units and local state-owned enterprises, with long recovery periods and low liquidity.

Good access to bank borrowing and bond issuance, but some exposure to non-standard financing

SHIH has access to funding channels including bank loans, the onshore and offshore debt capital markets and financial companies. Bank loans and bonds accounted for the majority of its debts. The Company maintains long-term and close relationships with different large domestic banks. As of 30 June 2025, the Company had total bank facilities of RMB23.5 billion, with the available portion being RMB4.4 billion. Jianhu County City Construction Investment Group Co., Ltd. ("JHCI"), an important subsidiary of SHIH, has issued different financial products in the domestic market. In the first half of 2025, JHCI issued 3 tranches of onshore bonds, raising RMB1.0 billion, with the coupon ranging from 2.5% to 2.8%. Furthermore, the Company also has proficiency in accessing offshore financing. In 2024, the Company issued 2 tranches of offshore bonds, raising JPY2.9 billion and RMB550.0 million respectively. However, the Company had certain exposure to non-standard financing. As of 31 March 2025, non-standard financing borrowing accounted for around 25% of total debts with relatively high costs, including financial leases and trust loans.

Medium level of contingent risk

SHIH's credit profile is constrained by its external guarantees, which could potentially increase its repayment obligations. As of 31 March 2025, the Company had external guarantees of RMB17.6 billion, accounting for around 51.1% of its net assets. The guarantees are all provided to other state-owned enterprises but no guarantees have counter-guarantee measures in place. In case a credit event occurs, the Company may face large-scale cross-effects risks, which could negatively impact its credit quality. Nevertheless, we believe that the contingent risk of the external guarantee is moderately controllable, considering the position of some of these state-owned enterprises and may receive timely support from the local government.

ESG Considerations

SHIH faces environmental risks because it has undertaken infrastructure construction 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.

SHIH bears social risks as it implements public policy initiatives by building public infrastructure in Jianhu County. 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.

SHIH's governance considerations are also material as the Company is subject to oversight by the Jianhu County Government and must 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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