# Credit Opinion

**8 September 2026**

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


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# Jining High Tech Urban Construction Investment Co., Ltd.

## Surveillance credit rating report

**CCXAP affirms Jining High Tech Urban Construction Investment Co., Ltd.'s long-term credit rating at $BBB_g$-, with stable outlook.**

## Summary


The $BBB_g$- long-term credit rating of Jining High Tech Urban Construction Investment Co., Ltd. ("JHUC" or the "Company") reflects Jining High-tech Zone Government's strong capacity and high willingness to provide support to the Company, based on our assessment of the Company's characteristics.

Our assessment of Jining High-tech Zone Government's capacity to provide support reflects its status as a national-level high-tech industrial development zone, as well as the local government's good economic fundamentals and moderate fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important role in infrastructure construction in Jining High-tech Zone; (2) track record of receiving government payments; and (3) good access to funding from banks and debt capital market.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) increasing debt burden and relatively weak asset liquidity; and (3) large exposure to external guarantees.

The stable outlook on JHUC's rating reflects our expectation that the Jining High-tech Zone Government's capacity to provide support will be stable, and that the Company will maintain its important role in local infrastructure construction and shantytown renovation projects over the next 12 to 18 months.

## Rating Drivers

- Important role in infrastructure construction in Jining High-tech Zone
- Track record of receiving government payments
- Medium exposure to commercial activities
- Good access to funding from banks and debt capital market
- Increasing debt burden and weak asset liquidity
- High contingent liability risk

## Rating Sensitivities

**What could upgrade the rating?**

The rating could be upgraded if (1) the local government's capacity 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 and reduction in exposure to external guarantees.

**What could downgrade the rating?**

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance or weakened financing capabilities.

## Key Indicators

| | 2023FY | 2024FY | 2025FY | 2026Q1 |
|---|---|---|---|---|
| Total Asset (RMB billion) | 25.7 | 28.2 | 29. 6 | 30.1 |
| Total Equity (RMB billion) | 10.4 | 11.2 | 11.3 | 11.3 |
| Total Revenue (RMB billion) | 1.6 | 1.5 | 1.3 | 0.5 |
| Total Debt/Total Capital (%) | 47.6 | 50.2 | 51.8 | 53.1 |

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

Source: Company data, CCXAP research

## Corporate Profile

Jointly founded by Jining High-tech Zone Land Reserve Management Center and Jining High-tech Industrial Development Zone Property Management Center in 2008, JHUC is an important local infrastructure investment and financing company ("LIIFC") in Jining High-tech Zone, mainly responsible for major infrastructure construction and shantytown renovation projects in the zone. It is also involved in commercial businesses including property development and leasing. After the share transfer in 2009, the Company has become a wholly-owned subsidiary of Jining High-tech Holding Group Co., Ltd. ("JHHG"), which is the largest LIIFC in Jining High-tech Zone in terms of total assets. As of 31 March 2026, the State-owned Assets Supervision and Administration Commission of Jining High-tech Industrial Development Zone ("Jining High-tech Zone SASAC") was the ultimate controller of JHUC.

**Exhibit 1. Revenue structure in 2025**

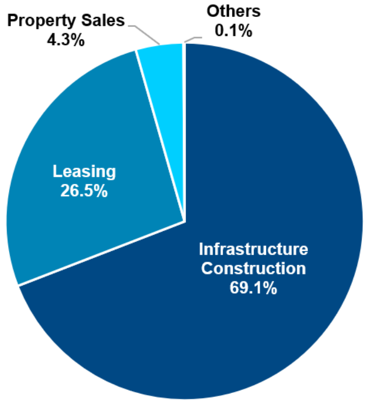
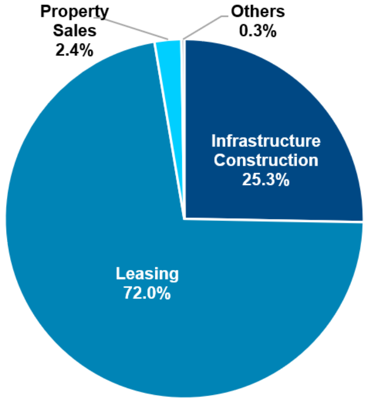



**Exhibit 2. Gross profit structure in 2025**




Source: Company information, CCXAP research

**Exhibit 3. Shareholding chart as of 31 March 2026**

State-owned Assets Supervision and Administration Commission of Jining High-Tech Industrial Development Zone
济宁高新技术产业开发区国有资产监督管理局

100%

Jining High-tech Holding Group Co., Ltd. ("JHHG")
济宁高新控股集团有限公司

100%

Jining High-tech Urban Construction Investment Co., Ltd. ("JHUC")
济宁高新城建投资有限公司

Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe the local government of the Jining High-tech Zone has strong capacity to provide support to the Company, given its good economic fundamentals and moderate fiscal metrics.

Shandong Province is the third largest province in China by GRP, with a solid industrial foundation in industries such as logistics, shipbuilding, marine technology, chemical, automotive and agri-food. Located in the southern part of Shandong Province, Jining City is one of the central cities in the Huaihai Economic Zone approved by the Shandong Provincial Government. Thanks to its diversified industrial structure such as coal mining, machinery and equipment manufacturing, paper and paper products, chemical industry goods, and textiles, Jining City's economic strength and fiscal strength had been steadily improved over the past three years. In 2025, Jining City reported a GRP of RMB612.8 billion, representing 5.8% year-over-year ("YoY") growth. Meanwhile, the general budgetary revenue was RMB50.3 billion, reflecting an upward trend over the past three years. However, Jining City has moderate fiscal metrics and debt profile. Its average fiscal balance ratio (general budgetary revenue/general budgetary expenditure) was around 60.8% over the past three years. Tax incomes slightly decreased to RMB30.6 billion in 2025 from RMB31.1 billion in 2024, accounting for 60.9% of its general budgetary revenue. As of 31 December 2025, Jining City's government debt to GRP ratio was 38.6%.

**Exhibit 4. Key economic and fiscal indicators of Jining City**

| | 2023FY | 2024FY | 2025FY |
|---|---|---|---|
| GRP (RMB billion) | 551.6 | 584.4 | 612.8 |
| GRP Growth (%) | 6.5 | 5.6 | 5.8 |
| General Budgetary Revenue (RMB billion) | 47.5 | 49.6 | 50.3 |
| General Budgetary Expenditure (RMB billion) | 78.3 | 80.1 | 84.3 |
| Local Government Debt (RMB billion) | 171.4 | 201.6 | 236.3 |

Source: Jining Municipal Government, CCXAP research

Jining High-tech Zone was founded in 1992 and was promoted to be a National High-tech Industrial Development Zone in 2010. It is the pilot high-tech zone of national science and technology innovation service system, as well as innovative industrial cluster. In addition, it is the pilot scientific and technological high-tech zone in Shandong Province, which has a population of 250 thousand and an area of 255 square kilometers. It has established four national industrial bases, including engineering machinery, photoelectric information, biotechnology, and new textile materials. In 2025, the GRP of Jining High-tech Zone increased to RMB65.9 billion from RMB61.7 billion in 2024, representing a 6.2% YoY growth. Moreover, its GRP has accounted for more than 10% of Jining City's GRP. Jining High-tech Zone Government has a good fiscal balance. As of 31 December 2025, Jining High-tech Zone 's general budgetary revenue to general budgetary expenditure was 148.4%. At the same time, the government debt to GRP ratio was 20.8%.

**Exhibit 5. Key economic and fiscal indicators of the Jining High-tech Zone**

| | 2023FY | 2024FY | 2025FY |
|---|---|---|---|
| GRP (RMB billion) | 57.9 | 61.7 | 65.9 |
| GRP Growth (%) | 7.1 | 6.3 | 6.2 |
| General Budgetary Revenue (RMB billion) | 4.4 | 4.5 | 4.4 |
| General Budgetary Expenditure (RMB billion) | 2.6 | 3.0 | 3.0 |
| Local Government Debt (RMB billion) | 10.9 | 12.1 | 13.6 |

Source: Management Committee of Jining High-tech Zone, CCXAP research

## Government's Willingness to Provide Support

**Important role in infrastructure construction in Jining High-tech Zone**

JHHG, JHUC's parent company, is the largest and most important LIIFC in Jining High-tech Zone, responsible for the development and operation of Jining High-tech Zone such as infrastructure construction and heat provision. JHUC is the core infrastructure construction arm of JHHG, accounting for approximately half of the total assets of JHHG. The Company is mainly responsible for the infrastructure construction in Jining High-tech Zone, including the construction of educational buildings, hospitals, road reconstructions, and shantytown renovations in the area. We believe that the important position of the Company to Jining High-tech Zone's economic development and public welfare is unlikely to be replaced in the short-to-medium term.

Authorized by Jining High-tech Zone Management Committee, the Company undertakes infrastructure projects in Jining High-tech Zone under the agency construction model. The Company is responsible for financing and construction of the projects assigned by the local government and receives project repayments from the government based on the total cost plus a few percentage markups according to project progress. With the ongoing development of Jining High-tech Zone, the Company is currently focusing on shantytown renovation projects. Some of these projects are undertaken under government-purchase service agreements, under which the local government makes instalment payments after completion. As of 31 March 2026, the Company had 3 infrastructure construction and shantytown renovation projects under construction, with an estimated total investment of RMB7.7 billion and remaining investment of RMB5.7 billion. Meanwhile, the Company had 26 completed agency construction projects, with total investment amount of RMB11.5 billion as of end-2025. At the same time, it had received RMB9.6 billion of government paybacks from these projects. Considering the relatively large remaining investment needs and outstanding government payments, the Company may continue to face capital expenditure and repayment collection pressure.

JHUC also conducts several construction projects under self-operated model. As of 31 March 2026, there were 2 major self-operated projects under construction with a total investment of RMB9.2 billion and an uninvested amount of RMB5.4 billion. The two projects involve comprehensive environmental management and urban renewal with the aim to simulate the economic growth and social benefit of Jining High-tech Zone. The Company is expected to achieve fund balancing through future sales and operating income, such as sales of residential and commercial properties, scenic spot operation, sand and gravel sales, as well as parking lot management. Overall, the relatively large substantial investment on the urban renewal project may put extra capital expenditure pressure on the Company in the near term, whilst future operating income remains uncertain, particularly in relation to sales of commercial properties.

**Medium exposure to commercial activities**

Apart from public services, JHUC has also been engaged in commercial activities, including property leasing and property development businesses. Although the Company’s commercial assets accounting for more than 30% of its total assets, the Company’s risk exposure to commercial activities is considered medium according to our assessment. This is because most of JHUC's commercial assets are leasable assets that are highly compatible with local industrial development and were constructed under the guidance of the local governments. Although commercial activities contribute supplemental income to the Company, they may also pose higher operating and business risks than traditional infrastructure construction businesses.

JHUC has high-quality leasing assets which provides additional recurring income. The Company’s leasing business involves leasing of research base buildings, industrial parks, industry-university-research bases and commercial buildings to governmental organs and local enterprises, with a total leasable area of around 552.4 thousand square meters. All of the leasing assets have been leased out, generating leasing revenue of around RMB353.2 million in 2025, representing a YoY increasing trend. As of 31 March 2026, the Company had 3 leasing projects under construction, with an estimated total investment of RMB4.0 billion and an uninvested amount of RMB1.6 billion, exerting certain capital expenditure pressure on the Company. With the completion of these projects, the Company’s leasing income is expected to increase in the future. However, the leasing status will largely subject to the local economic environment, and the Company may face some uncertainties during contract renewal.

The Company’s property development business involves the development and sale of 3 property projects. As of 31 March 2026, the Company’s key property projects are under construction, with a total investment of RMB2.5billion, and uninvested amount of RMB171.0 million.  The majority of these projects have been sold, with accumulated contract sales amount of RMB1.9 billion, and the Company had received RMB1.8 billion of sales payback correspondingly. Despite some supplemental income generated by the property sales, the downturn in China’s property market may cause the Company’s fund to be unbalanced due to the uncertainty of construction and sales progress.

**Track record of receiving government payments**

JHUC has a proven track record of receiving government payments in the form of capital injections, asset transfers, project payments and subsidies. From 2025 to 2026Q1, the Company continued to receive government subsidies with a total amount of around RMB95.4 million, mainly to support its infrastructure construction and leasing businesses. As of 31 March 2026, the Company had received RMB9.6 billion of project repayments for its completed agency construction projects. We expect the local government to continue to provide support, given the Company's strong public policy role in Jining High-tech Zone and its ongoing public projects.

**Increasing debt burden and relatively weak asset liquidity**

Due to the ongoing investment of infrastructure projects and relatively large investment requirement for the self-operated projects, JHUC's total debt increased at a relatively fast pace over the past several years. As of 31 March 2026, the Company's total debt (including notes payable) amounted to RMB12.8 billion, up from RMB11.3 billion at end-2024. Meanwhile, its total capitalization ratio, as measured by total debt to total capital, also increased from 50.2% to 53.1% over the same period. While short-term debt has declined from the level at the end of 2024, the Company still faces a certain degree of short-term debt pressure, with the short-term debt proportion of total debt of 24.6% as of 31 March 2026. The cash-to-short-term-debt ratio is still inadequate at around 0.7x. Given the substantial funding needs of debt repayment and the remaining construction investment, we expect the Company's debt burden will remain high in the next 12 to 18 months.

In addition, JHUC's asset liquidity is relatively weak, which may undermine its financial flexibility. Inventories, other receivables and construction in progress accounted for approximately 73.1% of total assets as of 31 March 2026. The inventories and construction in progress are mainly costs of infrastructure construction, property development, and self-operating construction projects, while receivables were mainly receivables from the local government and other state-owned enterprises, all of which are considered low liquidity. As of end-2025, the Company's restricted assets amounted to RMB6.2 billion, accounting for approximately 21.0% of total assets, mostly due to borrowings. The relatively weak asset liquidity may affect the Company's refinancing ability in the near term.

**Good access to funding from banks and debt capital market**

JHUC has access to multiple financing channels, including bank loans and bond issuances, which helps to relieve the capital expenditure pressure and to meet its refinancing needs. As of 31 March 2026, bank loans account for 51.9% of the Company's total debts, while bond financing constitutes 39.1%, with the share of direct financing declining YoY.

The Company has maintained good relationships with joint-stock commercial banks, policy banks and large state-owned commercial banks. As of 31 March 2026, it had obtained total bank credit facilities of RMB7.8 billion, with an unutilized amount of RMB2.1 billion, indicating a relatively sufficient liquidity buffer. The Company also has a good track record of onshore capital-market funding. From January 2025 to December 2025, it issued 4 tranches of debt products, including medium-term notes ("MTNs") and corporate bonds, raising RMB2.2 billion in total, with coupon rates ranging from 2.6% to 3.5%. In addition, the Company's exposure to non-standard financing is low, accounting for less than 10.0% of the total debts as of 31 March 2026.

**Large exposure to external guarantees**

JHUC's credit profile is constrained by substantial external guarantees, which could potentially increase its repayment obligations. As of 31 March 2026, the Company's external guarantees increased to RMB6.6 billion, accounting for 57.9% of its net assets. The Company provided RMB2.4 billion of guarantees to Shandong Haida Development and Construction Co., Ltd. ("SDHD"), which accounted for 37.3% of its total external guarantees. SDHD is a local state-owned enterprise ("SOE") that is under the control of Jining High-Tech Zone SASAC. In August 2025, SDHD became a judgment debtor due to an engineering-related dispute, involving an amount of approximately RMB5.83 million, which may give rise to negative implications given its relationship with the Company. Mutual guarantees between local SOEs in Jining City are common. Although all of the guaranteed parties are SOEs in Jining High-tech Zone, the Company may face considerable contingent liability risk should a default event occurs, which could negatively impact its credit quality.

## ESG Considerations

JHUC faces environmental risks through its infrastructure and shantytown projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects, as well as close supervision during construction.

JHUC bears social risks as it implements public policy initiatives by undertaking infrastructure construction projects in Jining High-tech Zone. 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.

JHUC's governance considerations are also material as the Company is subject to local government oversight and has to 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).

## Appendix

**Exhibit 6. Peer Comparison**

| | Jining High-tech Holding Group Co., Ltd. (“JHHG”) | Jining High Tech Urban Construction Investment Co., Ltd. (“JHUC”) |
|---|---|---|
| Long-Term Credit Rating | $BBB_g$ | $BBB_g$- |
| Shareholder | Jining High-tech Zone SASAC (100%) | JHHG (100%) |
| Positioning | Major urban operator and developer in Jining High-tech Zone | Key entity in infrastructure construction and shantytown renovation in Jining High-tech Zone. |
| Total Asset (RMB billion) | 60.7 | 29.6 |
| Total Equity (RMB billion) | 15.4 | 11.3 |
| Total Revenue (RMB billion) | 4.3 | 1.3 |
| Total Debt/Total Capital (%) | 65.3 | 51.8 |

All ratios and figures are calculated using CCXAP’s adjustments based on financial data for 2025.

Source: Company information, CCXAP research

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