

Jurong Rongfeng Construction Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Jurong Rongfeng Construction Co., Ltd. (“JRC” or “the company”); Issuer Rating Outlook Stable

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	12 June 2025

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jurong City, Zhenjiang City (“Jurong government”) would provide strong support to JRC if needed, in light of its full ownership of JRC, JRC’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for engineering construction in Jurong City, Zhenjiang City (“Jurong”), and the linkage between the Jurong government and JRC, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Jurong government may face significant negative impact on its reputation and financing activities if JRC encounters any operational and financial difficulties.

Jurong is a county-level city under the administration of Zhenjiang City. Its GDP grew steadily by 5.3% to RMB81.5 billion in 2024.

The Stable Outlook reflects our expectation that JRC’s strategic importance would remain intact while the Jurong government will continue to ensure JRC’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Jurong government indirectly holds the full ownership of JRC through the Finance Bureau of Jurong City’s (“Jurong FB”) fully-owned subsidiary, Jiangsu Jurong Investment Group Co., Ltd. (“JJIG”). The Jurong government is the actual controller of the company. It has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Jurong government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: JRC is an important LIDC that is primarily responsible for the construction and development of infrastructure projects, industrial park projects and residential renovation projects within Jurong. Serving as the key entity in charge of infrastructure projects throughout the region, JRC is mainly engaged in urbanization construction, road and pipeline construction, healthcare and other infrastructure related projects with strong regional advantages. JRC plays an important role in promoting the economic and social development of Jurong. Its business operation and development have been aligned with the government’s development plans.

Ongoing Government Support: JRC received operational and financial support. The Jurong FB continued to inject capital, project-related assets, equities of other companies and other kinds of assets into JRC to expand its asset size and diversify its business. Besides, the Jurong government will provide policy supports to JRC to ensure its business operation. Given that it is the key entity for building construction and state-owned assets operation in Jurong, JRC has an advantage in acquiring related resources and major projects. We believe JRC is likely to continue to receive government support to support its daily business operation.

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Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2024\)](#)

JRC's Financial Matrix and Liquidity Position: JRC's total assets showed a continuous growth trend in the past few years and reached RMB14.8 billion at end-2024, as the company actively participated in construction projects in Jurong. The current assets of JRC accounted for 74.8% of the total assets at end-2024, while the overall asset liquidity was moderately weak due to large amount of inventories and receivables. JRC's financial leverage, as measured by the debt to capitalization ratio, increased to 49.2% and its adjusted debt increased to RMB3.7 billion at end-2024 from RMB3.3 billion at end-2023.

JRC's liquidity was moderately weak. At end-2024, JRC had a cash balance of RMB967.4 million, compared with its debt due within one year of RMB2.1 billion. Having said that, JRC has established cooperative relationship with banks to obtain a certain amount of liquidity support and medium- and long-term loans, and it has maintained a normal bank loan financing ability. JRC also has other financing channels, such as bond issuance and non-traditional financing, to support its debt repayment and business operations.

Rating Sensitivities

We would consider downgrading JRC's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the local government's ownership of JRC, or (3) there is a downgrade in our internal credit assessment on the Jurong government.

We would consider upgrading JRC's rating if (1) there is strengthened support from the Jurong government, or (2) there is an upgrade in our internal credit assessment on the Jurong government.

Operating Environment

Economic Condition of Jurong

Jurong is a county-level city administered by Zhenjiang. Jurong had a land area of 1,385 square kilometers, a residential population of 0.64 million, and an urbanization rate of 66.7% at end-2024. Located between Nanjing, the provincial capital of Jiangsu, and Zhenjiang, Jurong is developing itself as the transportation hub of the Nanjing-Zhenjiang-Yangzhou Integrated Development by building key railway projects across the city, including Nanjing-Jurong Railway, South Railway along the Yangtse River, Jurong-Maoshan Railway and Nanjing-Zhenjiang-Yangzhou-Maanshan Railway.

Jurong's GDP growth rate decreased to 5.3% in 2024 from 5.5% in 2023. Its GDP amount reached RMB81.5 billion in 2024, ranking 3rd among all jurisdictions of Zhenjiang. The city's economy remains driven primarily by its secondary and tertiary sectors, which contributed 44.0% and 48.7% to the GDP in 2024, respectively.

Jurong's GDP and Fixed Asset Investment			
(RMB billion)	2022	2023	2024
GDP	75.5	79.2	81.5
-Primary industry (%)	7.6	7.4	7.3
-Secondary industry (%)	45.2	44.0	44.0
-Tertiary industry (%)	47.2	48.6	48.7
GDP growth rate (%)	1.0	5.5	5.3
Fixed asset investment growth rate (%)	-16.6	-0.4	1.5
Population (million)	0.6	0.6	0.6

Source: Financial Bureau of Jurong, statistical bureau of Jurong and Lianhe Global's calculations

Fiscal Condition of Jurong

The Jurong government's fiscal revenue consists primarily of budget revenue, government managed funds and transfer payment from higher government. In 2024, budget revenue remained stable at RMB5.0 billion. Tax revenue accounted for 70.9% of total budgetary income in 2024, a decrease from 71.2% in the previous year. Fiscal self-sufficiency showed modest improvement, with the budget deficit narrowing to 59.6% in 2024 (from 65.8% in 2023). The government managed fund income continued to decrease to RMB10.3 billion in 2024 from RMB11.1 billion in 2023.

Jurong's government debt increased to RMB27.6 billion at end-2024 from RMB25.3 billion at end-2023, mainly due to the increase in special debts to support its public projects. Its government debt ratio, measured by total debt/aggregate revenue raised to 159.7% from 136.6% over the same period.

Jurong's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	4.0	5.0	5.0
Budgetary revenue growth rate (%)	-30.9	25.7	0.1
Tax revenue	2.6	3.6	3.6
Tax revenue (% of budgetary revenue)	66.2	71.2	70.9
Government fund income	11.6	11.1	10.3
Transfer payment	2.6	2.4	2.0
Aggregate revenue	18.2	18.5	17.3
Budgetary expenditure	8.0	8.3	8.0
Budget balance ¹ (%)	-100.9	-65.8	-59.6

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Jurong, statistical bureau of Jurong and Lianhe Global's calculations

Company Profile

JRC was established in May 2019 with an initial registered capital of RMB40 million, funded by Taizhou Sulu Construction Engineering Co., Ltd. After an array of capital injections, JRC's registered capital and paid-in capital were both RMB60 million at end-2024. The company is now wholly owned and ultimately controlled by Jurong FB.

JRC, as an important LIDC in Jurong, is mainly responsible for engineering construction business within the region, including construction of municipal infrastructure and residential properties within the region, with a strong regional advantage. The company's main business exhibits low diverse characteristics, with a strong concentration in engineering construction and real estate development. The company recognized revenue of RMB166.1 million in 2024 with a gross margin of 11.0%. The revenue generated from real estate development accounted for more than 80% of the total revenue in 2024.

Key Financial Data (RMB million)	2022	2023	2024
Total Assets	8,986	12,832	14,774
Equity	2,864	3,727	3,779
Debt	2,723	3,259	3,664
Debt / (Debt + Equity) (%)	48.7	46.6	49.2
Unrestricted cash/ST Debts (x)	0.6	0.4	0.5
Debt/EBITDA (x)	31.4	47.9	52.5
Revenue	241	279	166
Operation Profit	93	62	57
Gross Margin (%)	6.6	7.4	11.0
Cash from sales or services/ Revenue (%)	213.4	186.7	109.8

Source: JRC and Lianhe Global's calculations

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