

Jiangsu Hanjian Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Jiangsu Hanjian Group Co., Ltd. (“JHG” or “the company”); Issuer Rating Outlook is Stable

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	1 September 2025

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Hanjiang District (“the Hanjiang government”) would provide moderately strong support to JHG if needed. This mainly considers the Hanjiang government’s indirect majority ownership of JHG, and JHG’s strategic importance as a key state-owned building contractor in Yangzhou’s Hanjiang District (“Hanjiang”). The linkage between the Hanjiang government and JHG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Hanjiang government may face significant negative impact on its reputation and financing activities if JHG encounters any operational and financial difficulties.

Hanjiang is one of the main urban districts of Yangzhou, Jiangsu Province. In 2024, Hanjiang’s GDP reached RMB127.5 billion in 2024, with the growth rate accelerating to 6.5%, and budgetary revenue of Hanjiang grew by 4.2% to RMB5.3 billion.

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

Rating Rationale

Government’s Ownership and Supervision: JHG’s linkage with the Hanjiang government is moderately strong. The Hanjiang government, as the ultimately controller, indirectly holds majority shares of JHG. It also has strong control and supervision over the company, including the approval of management appointment, strategic development, and major investment and funding plans. In addition, the local government has assessment mechanism over the company and appoints auditors to supervise its operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: JHG is key state-owned building contractor in Hanjiang, undertaking major infrastructure and public facilities projects, such as roads and bridges, resettlement housing, school, hospital within the region. The company’s business operation plays a significant role in Hanjiang’s infrastructure construction and urban development. Nevertheless, JHG’s activities focus on construction stage of projects as a building contractor, compared with other LIDCs responsible for financing, development and operation of designated projects. This could constrain JHG’s overall strategic positioning in Hanjiang.

Ongoing Government Support: The Hanjiang government provides ongoing operational support to JHG. The company enjoys advantages in obtaining projects in Hanjiang. It also receives financial subsidies amounting to RMB17 million between 2022 and 2024. In addition, the Hanjiang government coordinates other LIDCs to provide financial guarantees to support JHG’s onshore and offshore bond issuances, enhancing the company’s access to fundings.

JHG’s Financial and Liquidity Position: JHG’s total asset fluctuated around RMB16.0 billion between 2023 and the first quarter of 2025. JHG’s total debt surged to RMB4.4 billion

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

at end-March 2025 from RMB3.6 billion at end-2023. As a result, the company's financial leverage, as measured by total debt/capitalization, was expanded to 36.5% at end-March 2025 from 33.1% at end-2023.

JHG's asset liquidity was relatively weak, as the company's project construction activities had accumulated a large amount of inventories (mainly contract costs and development costs), representing 28.4% of total assets at end-March 2025. These inventories usually take a long time to monetize due to the protracted construction and payment collection period. In addition, the company had sizable account receivables, representing 25.4% of total asset at end-March 2025. They were primarily due from local government agencies and SOEs, and their repayment schedules are highly subject to the fiscal conditions of the local government.

The short-term debt servicing pressure of JHG was moderately high. At end-March 2025, the company had a cash balance of RMB1.1 billion (including restricted cash of RMB0.5 billion), while its debt due within one year was RMB2.9 billion. JHG has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing channels, to support its debt repayments and business operations. At end-March 2025, the company had unused credit facilities of RMB1.1 billion. We also expect JHG to roll over most of its short-term bank borrowings (end-March 2025: RMB1.4 billion).

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Hanjiang

Strategically located at the intersection of the Yangtze River and the Beijing-Hangzhou Grand Canal, within the Yangtze River Delta Economic Zone, Hanjiang is one of the main urban districts of Jiangsu's Yangzhou city and serves as the seat of the Yangzhou municipal government. As a vital industrial development base for Yangzhou, Hanjiang District hosts both a national high-tech industrial development zone and a provincial-level economic development zone. Hanjiang's GDP increased to RMB127.5 billion in 2024 from RMB120.5 billion in 2023, with its economic growth rate rising to 6.5% from 6.3% over the same period. The GDP per capita of Hanjiang was RMB148,300 in 2024.

Hanjiang's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	114.6	120.5	127.5
-Primary industry (%)	2.0	1.9	1.8
-Secondary industry (%)	42.8	40.9	40.4
-Tertiary industry (%)	55.2	57.2	57.7
GDP growth rate (%)	3.3	6.3	6.5
Fixed asset investment growth rate (%)	-10.1	7.7	10.2

Population (million)	0.9	0.9	0.9
<i>Source: Financial Bureau of Hanjiang, statistical bureau of Hanjiang and Lianhe Global's calculations</i>			

Fiscal Condition of Hanjiang

The budgetary revenue of the Hanjiang government increased by 4.2% to RMB5.3 billion in 2024 from RMB5.1 billion in 2023. The budget deficit was slightly down to 46.5% in 2024 from 58.3% in 2023. The outstanding debt of the Hanjiang government has kept growing over the past few years. At end-2024, the Hanjiang government's outstanding debt increased to RMB14.6 billion from RMB13.2 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, had elevated to 93.1% at end-2024 from 88.2% at end-2023.

Hanjiang's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	4.5	5.1	5.3
Budgetary revenue growth rate (%)	-9.3	11.2	4.2
Tax revenue	3.4	4.3	4.2
Tax revenue (% of budgetary revenue)	74.9	84.7	80.1
Government fund income	4.6	5.3	5.4
Transfer payment	3.0	2.6	2.4
Aggregate revenue	12.1	13.0	13.1
Budgetary expenditure	7.5	8.0	7.7
Budget balance ¹ (%)	-64.2	-58.3	-46.5
Government debt ratio (%)	97.8	101.4	111.1
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
<i>Source: Financial Bureau of Hanjiang, statistical bureau of Hanjiang and Lianhe Global's calculations</i>			

Company Profile

JHG was established in January 1997 with a registered capital of c. RMB51.59 million, co-funded by Hanjiang Construction and Engineering Co., Ltd. ("HCE") and several individuals. After an array of capital injections and equity transfers, JHG's paid-in capital was enlarged to RMB779 million by end-2025. By end-2024, the Hanjiang government, as the ultimately controller, indirectly held majority shares of JHG through Jiangsu Wanyu Investment Development Co., Ltd. (44.03%) and HCE (7.51%); the remaining 48.46% shares were held by two holding vehicles owned by individual shareholders.

JHG is a key state-owned building contractor in Hanjiang, with a strong regional competitive advantage. The company specializes in infrastructure, public facility and property projects, mainly in Jiangsu. The primary source of operating revenue for the company are project construction and properties development businesses, while it also engaged in building material sales, property management service, etc. JHG realized revenue of RMB10.4 billion and 3.3 billion in 2024 and the first three months of 2025, respectively. Its overall gross profit margin remained relatively stable at 8%-10% over the same period.

Key Financial Data (RMB million)	2022	2023	2024	2025.3
Total Assets	15,352	15,947	16,216	16,057
Equity	6,876	7,200	7,511	7,608
Debt	4,342	3,556	3,522	4,378
Debt / (Debt + Equity) (%)	38.7	33.1	31.9	36.5



Unrestricted cash/ST Debts (x)	0.3	0.2	0.3	0.2
Debt/EBITDA (x)	7.2	7.3	9.8	-
Revenue	11,119	10,621	10,388	3,314
Operation Profit	533	431	279	118
Gross Margin (%)	9.8	9.0	9.5	8.3
Cash from sales or services/ Revenue (%)	109.7	108.1	101.1	113.0

Source: JHG and Lianhe Global's calculations

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