

Jiande State-owned Assets Investment Holding Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB’ global scale Long-term Issuer Credit Rating with Stable Outlook to Jiande State-owned Assets Investment Holding Group Co., Ltd. (“JSAI” or “the company”)

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jiande City (“Jiande government”) would provide very strong support to JSAI if needed, in light of its indirect full ownership of JSAI, JSAI’s strategic importance as the most important local investment and development company (“LIDC”) for infrastructure construction and state-owned asset operation in Jiande and the linkage between the Jiande government and JSAI, including appointment of the senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, we believe the Jiande government has a very strong willingness to ensure JSAI’s business and financial viability in order to safeguard its reputation and local financing activities.

Jiande is a county-level city located in Zhejiang Province and managed by Hangzhou City. Jiande’s GDP grew by 5.3% to RMB46.0 billion in 2024, while its budgetary revenue reached RMB4.6 billion during the same period. For the first half of 2025, Jiande’s GDP increased by 5% to RMB22.8 billion, while its budgetary revenue increased by 1.1% to RMB2.7 billion.

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

Rating Rationale

Government’s Ownership and Supervision: The Jiande government holds the full ownership of JSAI through Jiande State-owned Assets Management Service Center (“Jiande SAMSC”), which is the sole shareholder and the actual controller of the company. The Jiande government has strong control and supervision over the company, including the appointment of senior management, decisions on its strategic development and supervision of its major investment and funding plans. In addition, the Jiande government has an assessment mechanism over the company and regularly appoints auditors to review its operating performance and financial position.

Strategic Importance and Strategic Alignment: JSAI, as the most important LIDC in Jiande, is mainly responsible for infrastructure construction and state-owned asset operation in Jiande. The company undertakes infrastructure construction, land development and consolidation, affordable housing development and public utilities operation in Jiande. The company also diversifies its business into mining, trading and other businesses. JSAI’s strong franchise advantage enables it to undertake key projects under the instruction of the Jiande government. JSAI plays an important role in promoting the region’s economic and social development. Its business operations and strategic planning have been aligned with the local government’s development plans.

Ongoing Government Support: JSAI receives ongoing support from the Jiande government, including financial subsidies and capital, asset and equity injections, to support

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	13 March 2026

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Applicable Criteria

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

its business operations. We believe the government support will remain intact given the company's strategic importance in Jiande.

JSAI's Financial Matrix and Liquidity Position: JSAI's total assets grew steadily to RMB109.4 billion at end-June 2025 from RMB75.9 billion at end-2022, mainly due to the increase in inventories. The company's total debt increased to RMB64.0 billion at end-June 2025 from RMB44.2 billion at end-2022. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, increased from 62.2% at end-2022 to 65.9% at end-June 2025.

JSAI's short-term debt servicing pressure was moderately high. The company had a total cash balance of RMB8.1 billion (including restricted cash of RMB0.3 billion) at end-June 2025, compared to its debts due within one year of RMB26.3 billion. The company mainly relies on external financing and has access to various financing channels, including bank loans and non-traditional funding, to support its debt repayment and business operations. At end-September 2025, the company had unused credit facilities of RMB34.3 billion.

Rating Sensitivities

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

We would consider upgrading JSAI's rating if there is an upgrade in our internal credit assessment on the Jiande government.

Operating Environment

Economic Condition of Jiande

Jiande is a county-level city located in Zhejiang Province and managed by Hangzhou City. Jiande has jurisdiction over 16 towns and streets. Jiande's GDP increased to RMB46.0 billion in 2024 from RMB45.0 billion in 2023, while its economic growth rate declined slightly to 5.3% from 5.5% during the same period. For the first half of 2025, Jiande's GDP increased by 5% to RMB22.8 billion. Meanwhile, the tertiary sector accounted for 49.8% of Jiande's GDP in 2024, compared with 43.7% in 2023. However, its fixed asset investment recorded a year-on-year decline of 2.2% in 2024, compared with growth of 16.1% in 2023.

Jiande's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	43.4	45.0	46.0
-Primary industry (%)	4.1	8.8	9.3
-Secondary industry (%)	50.7	47.5	40.9
-Tertiary industry (%)	39.9	43.7	49.8
GDP growth rate (%)	1.3	5.5	5.3
Fixed asset investment growth rate (%)	-17.7	16.1	-2.2
Population (million)	0.4	0.4	0.4

Source: Statistical Bureau of Jiande and Lianhe Global's calculations

Fiscal Condition of Jiande

The budgetary revenue of the Jiande government decreased to RMB4.6 billion in 2024 from RMB4.8 billion in 2023, reflecting a year-over-year decline of 3.6%. That said, the year-over-

year decline was narrowed compared with 8.5% in 2023. For the first half of 2025, the budgetary revenue of the Jiande government increased by 1.1% year-over-year to RMB2.7 billion. The tax revenue as a proportion of budgetary revenue increased slightly to 75.4% in 2024 from 74.8% in 2023. Meanwhile, the fiscal self-sufficiency rate remained weak and fiscal deficit deteriorated to 107.1% in 2024, compared with 83.7% in 2023. The government fund income declined to RMB1.2 billion in 2024 from RMB2.3 billion in 2023, but the transfer payment increased to RMB5.0 billion from RMB4.2 billion during the same period.

The outstanding debt of the Jiande government kept growing in recent years. At end-2024, the Jiande government's outstanding debt increased to RMB12.7 billion from RMB11.0 billion at end-2023, mainly due to the continued increase in both general and special purpose debts. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, increased to 116.4% at end-2024 from 96.8% at end-2023.

Jiande's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	5.2	4.8	4.6
Budgetary revenue growth rate (%)	35.1	-8.5	-3.6
Tax revenue	3.3	3.6	3.5
Tax revenue (% of budgetary revenue)	64.1	74.8	75.4
Government fund income	6.6	2.3	1.2
Transfer payment	3.6	4.2	5.0
Aggregate revenue	15.6	11.4	11.0
Budgetary expenditure	7.9	8.7	9.5
Budget balance ¹ (%)	-51.0	-83.7	-107.1

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%
 Source: Financial Bureau of Jiande and Lianhe Global's calculations

Company Profile

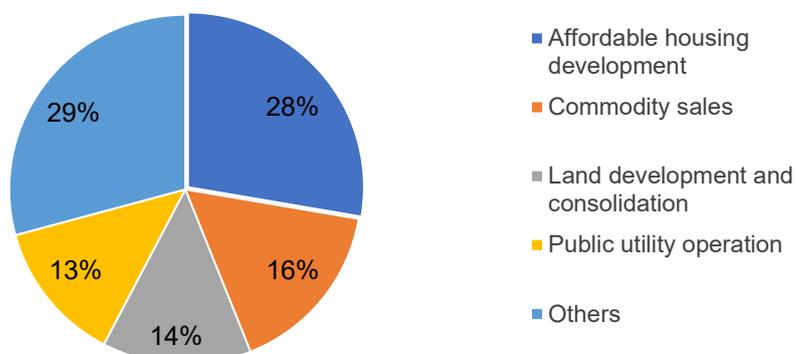
Ownership Structure

JSAI was established in April 2013 with an initial registered capital of RMB0.5 million, which was funded by Jiande SAMSC. Following a series of equity transfer and capital replenishment, the company's registered capital and paid-in capital were both RMB2.0 billion at end-June 2025. Jiande SAMSC is both the sole shareholder and the actual controller of the company.

Revenue Breakdown

JSAI, as the most important LIDC in Jiande, is mainly responsible for infrastructure construction and state-owned asset operation in Jiande. The company undertakes infrastructure construction, land development and consolidation, affordable housing development and public utilities operation in Jiande. The company also diversifies its business into mining, trading and other businesses. JSAI recorded total revenue of RMB5.4 billion, RMB4.1 billion and RMB3.5 billion in 2022-2024, respectively, with the gross margin of 10.0-15.5% during the same period. Also, JSAI realized a total revenue of RMB1.7 billion with a gross margin of 15.3% in the first half of 2025.

Total revenue: RMB3,529 million in 2024



Source: The company's financial reports and Lianhe Global's calculations

JSAI is engaged in the construction projects including road, waterworks, parks and public facilities for its infrastructure construction business. The company applies both commissioned construction and self-operated models for its construction projects. However, the segment did not record any revenue in both 2024 and the first half of 2025, due to the project completion and revenue recognition schedule.

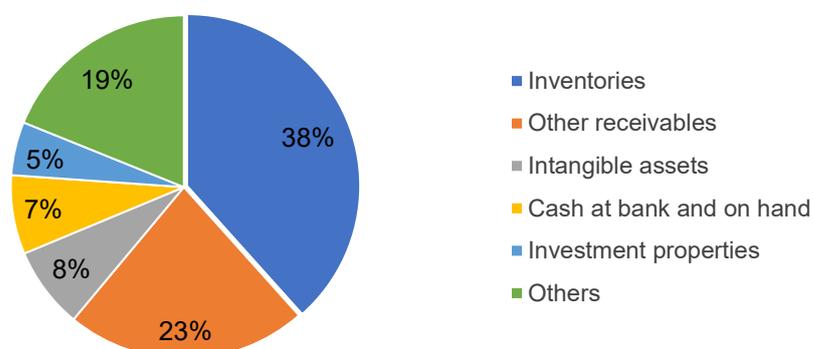
JSAI is responsible for developing affordable housing in both urban areas and the Economic Development Zone in Jiande. There are two major types of affordable housing, namely economical housing and price-capped housing. Most of the properties are sold at the government-guided price, while the remaining units could be sold at market prices.

JSAI undertakes land development and consolidation projects according to the annual planning of the Jiande government. This segment involves a variety of land usage, including residential, commercial, industrial and mixed-usage land. Nevertheless, the segment revenue and profit margin could be fluctuated due to the land market sentiment, government policy and project completion and revenue recognition schedule.

JSAI's public utilities operation business includes engineering construction, security service, waste disposal and water supply service.

Assets Breakdown

JSAI's asset liquidity is moderate, as it holds a large amount of inventories and receivables which collectively represented 61% of its total assets at end-June 2025. The company's affordable housing development and land development and consolidation businesses accumulated sizeable inventories (mainly development cost), representing 38.4% of total assets at end-June 2025. These assets may take a long time to monetize due to the nature of long construction and cash collection period. In addition, receivables amounted to 22.6% of total assets at end-June 2025. These receivables are primarily from local government agencies and other local SOEs, which may have varied repayment schedule.

Total assets: RMB109.4 billion at end-June 2025


Source: The company's financial reports and Lianhe Global's calculations

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	75,947	93,909	100,504	109,424
Equity	26,936	33,280	33,195	33,102
Debt	44,237	55,811	61,103	63,981
Debt / (Debt + Equity) (%)	62.2	62.6	64.8	65.9
Unrestricted cash/ST Debts (x)	0.2	0.4	0.1	0.3
Debt/EBITDA (x)	31.9	49.3	34.6	-
Revenue	5,373	4,309	3,529	1,675
Operation Profit	594	184	149	14
Gross Margin (%)	10.0	12.2	15.5	15.3
Cash from sales or services/ Revenue (%)	123.9	84.2	113.3	72.3

Source: JSAI and Lianhe Global's calculations

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