Jinhua State-owned Capital Operation Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer Credit Rating of Jinhua State-owned Capital Operation Co., Ltd. ("JSCO") to 'A+' from 'A'; Issuer Rating Outlook Stable

Summary	
Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	20 March 2026

Summary

The Issuer Credit Rating upgrade reflects an upgrade in our internal credit assessment on the People's Government of Jinhua City ("the Jinhua government") and the expectation of a continuing high possibility that the Jinhua government would provide very strong support to JSCO if needed. This mainly considers in light of the Jinhua government's full ownership of JSCO and JSCO's strategic importance as the key urban development and city operation platform in Zhejiang's Jinhua City ("Jinhua"). The strong linkage between the Jinhua government and JSCO is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe that the Jinhua government has a very strong willingness to ensure JSCO's business and financial viability to safeguard its reputation and local financing activities.

Jinhua is a prefecture-level city located in the middle of Zhejiang Province, with a well-developed outward-oriented economy. Its GDP maintained a moderately high growth of above 6% in the past three years, reaching RMB731.3 billion in 2025. Meanwhile, the Jinhua government's budgetary revenue increased by 3.5% to RMB55.6 billion.

The Stable Outlook reflects our expectation that JSCO's strategic importance would remain intact while the Jinhua government will continue to ensure JSCO's stable operation.

Rating Rationale

Government's Ownership and Supervision: State-owned Assets Supervision Administration Commission of Jinhua ("Jinhua SASAC") holds 100% shares of JSCO, and is the company's actual controller. The Jinhua government has strong control over the company, including appointment of the senior management and supervision of development strategy, major financing plan and investment decisions. In addition, the Jinhua government has formulated a performance assessment policy for the company, and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Strategic Alignment: JSCO is the key development and operation platform in Jinhua. In 2025, as part of the restructuring of local SOEs, the company was instructed by the government to transfer out its stake in Jinhua Communications Investment Group Co., Ltd. ("JCIG") on a gratuitous basis. Nevertheless, JSCO continues to undertake key construction projects in Jinhua, including the development of Duo Lake Area, which is the city's new Central Business District and the Jinhua-Yiwu-Dongyang Urban Rail Transit Project, which connects the three urban centers of Jinhua, Yiwu and Dongyang. In addition, the company operates the city's utilities, including water supply and sewage treatment. Its business operation and strategic planning have been aligned with the local government's economic and social development plans.

Strong Government Support: JSCO continued to receive fiscal support from the Jinhua government. The Jinhua government provided operational subsidies of RMB2.4 billion and RMB1.5 billion in 2024 and the first nine months of 2025, respectively. Additionally, the

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

company has received several asset injections, including state-owned properties and operational assets from SOEs and LIDCs in Jinhua, over the past three years. We believe JSCO will receive prompt government support, given its significant role and public service functions in Jinhua.

JSCO's Financial and Liquidity Position: JSCO's total assets decreased significantly to RMB118.9 billion at end-September 2025 from RMB227.6 billion at end-2024, primarily reflecting the equity transfer of JCIG. The company's total debt also contracted to RMB62.4 billion from RMB104.1 billion over the same period. Its financial leverage, as measured by the debt to capitalization ratio, increased moderately to 59.0% at end-September 2025 from 55.6% at end-2024.

JSCO's short-term debt servicing pressure was moderately high. As of the end of September 2025, JSCO had an unrestricted cash balance of RMB5.5 billion compared to its debt due within one year of RMB9.4 billion. JSCO has access to various financing channels, including bank loans, bond issuances, and other unconventional financing options, to support its debt repayments and business operations. The company had unused bank facilities totaling RMB51.9 billion as of the end of September 2025.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Jinhua

Jinhua is a prefecture-level city located in the middle of Zhejiang Province, with a well-developed out-ward-oriented economy. Its Yiwu is known as an international small commodities center. Jinhua's GDP maintained a moderately high growth of above 6% in the past three years, reaching RMB731.3 billion in 2025.

Jinhua's Economic Conditions (RMB billion)	**2023**	**2024**	**2025**
GDP	601.1	692.6	731.3
-Primary industry (%)	4.1	2.4	2.3
-Secondary industry (%)	39.4	37.4	37.3
-Tertiary industry (%)	58.0	60.2	60.4
GDP growth rate (%)	6.8	6.3	6.3
Fixed asset investment growth rate (%)	18.5	5.3	1.0
Population (million)	7.2	7.2	7.2

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

Fiscal Condition of Jinhua

Jinhua's budgetary revenue grew by 3.5% to RMB55.6 billion in 2025. The tax revenue ratio remained subdued at 81.5%, broadly stable from 81.9% in 2024. However, government fund income declined to RMB54.2 billion in 2025 from RMB57.5 billion in 2024 amid persistent property market weakness, representing a significant drop from RMB86.0 billion in 2023.

The outstanding debt of the Jinhua government increased substantially to RMB267.8 billion at end-2025 from RMB216.8 billion at end-2024, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt/aggregate revenue, expanded significantly to 185.0% from 145.0% over the same period.

Jinhua's Fiscal Condition **(RMB billion)**	**2023**	**2024**	**2025**
Budgetary revenue	52.6	53.7	55.6
Budgetary revenue growth rate (%)	7.5	6.9	3.5
Tax revenue	45.2	44.0	45.3
Tax revenue (% of budgetary revenue)	86.1	81.9	81.5
Government fund income	86.0	57.5	54.2
Transfer payment	28.7	38.0	34.7
Aggregate revenue	**167.5**	**149.5**	**144.8**
Budgetary expenditure	84.8	89.8	90.8
Budget balance[1] (%)	-61.4	-67.4	-63.4
Government debt ratio (%)	100.9	145.0	185.0

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

Company Profile

JSCO is a key development and operation platform wholly and directly owned by Jinhua SASAC. In 2025, the company transfer out its stake in JCIG on a gratuitous basis under the instruction of the local government. As a result, its revenue declined to RMB8.2 billion in the first nine months of 2025, representing a 17.2% year-on-year decrease from RMB9.9 billion in the corresponding period of 2024. Gross margin also declined from 6.7% to 5.4%, primarily due to the exclusion of higher-margin passenger and logistics services from the consolidated scope after the equity transfer of JCIG. JCIG is a major investment, construction and operation entity for transport infrastructure in Jinhua. JSCO continues to responsible for infrastructure construction, rail transit construction and operation, water affairs and other businesses within Jinhua.

Key Financial Data **(RMB million)**	**2022**	**2023**	**2024**	**2025.9**
Total Assets	151,105	195,821	227,602	118,861
Equity	70,641	74,201	83,170	43,359
Debt	61,601	90,858	104,085	62,443
Debt / (Debt + Equity) (%)	46.6	55.0	55.6	59.0
Unrestricted cash/ST Debts (x)	1.0	0.5	0.7	0.6
Debt/EBITDA (x)	23.6	32.8	30.3	-
Revenue	14,036	12,511	12,262	8,241
Operation Profit	1,132	508	494	269
Gross Margin (%)	15.9	9.2	9.5	5.4
Cash from sales or services/ Revenue (%)	99.8	112.1	115.4	133.2

Source: JSCO and Lianhe Global's calculations

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