Jining City Development Capital Holdings Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Jining City Development Capital Holdings Co., Ltd. ("JCDCH") to 'A-' from 'BBB+'; Issuer Rating Outlook Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Analysts
Toni Ho, CFA, FRM
+852 3462 9578
toni.ho@lhratingsglobal.com

Chris Cao
+852 3462 9579
chris.cao@lhratingsglobal.com

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

Summary

The Issuer Credit Rating upgrade reflects JCDCH's enhanced strategic importance, driven by its deepening role and accelerated progress towards its goal of market-oriented transformation with strong market competitiveness, focusing on four main business segments, namely medical and health care (pharmaceutical intermediates), industrial park operation and new energy investment, municipal construction and franchise rights, and financial services.

We believe this continues to reflect a high possibility that the Jining Municipal People's Government ("Jining government") would provide very strong support to JCDCH if needed, in light of its direct and indirect full ownership of JCDCH, JCDCH's strategic importance as an important local investment and development company ("LIDC") responsible for state-owned assets operation and industrial investment in Jining City ("Jining"), and the strong linkage between the Jining government and JCDCH, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the Jining government has a very strong willingness to ensure JCDCH's business and financial viability in order to safeguard its reputation and local financing activities.

Jining is a prefecture-level city located in the southwestern part of Shandong Province. Jining's GDP increased by 5.8% year-over-year to RMB612.8 billion in 2025, while the Jining government's budgetary revenue increased by 1.3% year-over-year to RMB50.3 billion.

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

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of the senior unsecured bonds issued by JCDCH to 'A-' from 'BBB+' at the same time. A full list of issuance rating is included in this rating report.

Rating Rationale

Government's Ownership and Supervision: The Jining State-owned Assets Supervision and Administration Commission ("Jining SASAC") directly holds 67% ownership of JCDCH and indirectly hold 33% ownership through Shandong Public Holdings Limited, a LIDC fully owned and ultimately controlled by Jining SASAC. Therefore, Jining SASAC is both the ultimate sole shareholder and actual controller of the company. The Jining government 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 Jining government appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: JCDCH, as an important LIDC in Jining, is primarily responsible for state-owned assets operation and industrial investment in Jining. The company mainly undertakes construction and operation of industrial parks, municipal construction and urban management operations, and leasing business in Jining, especially in Rencheng District. In addition, JCDCH is expanding and transforming towards market-oriented operations, with the focus on medical and health care, industrial park operation and new energy investment, municipal construction and franchise rights, and financial services segments. JCDCH is developing a comprehensive pharmaceutical industry chain for its healthcare business. Also, it expands its presence into wastewater treatment operation through establishment of its own wastewater treatment plant and acquisition of other plants. Overall, it plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government's development plans.

Ongoing Government Support: The Jining government continued to inject capital, equities of other companies and other assets into JCDCH to diversify its business. Besides, the Jining government will provide policy support to JCDCH to ensure its business operation. Given that it is the key entity for state-owned assets operation and industrial investment in Jining, JCDCH has an advantage in acquiring related resources and major projects. We believe JCDCH is likely to continue to receive government support to support its daily business operation.

JCDCH's Financial Matrix and Liquidity Position: JCDCH's total assets increased significantly to RMB17.3 billion at end-2025 from RMB11.8 billion at end-2024, driven by both capital injection and business expansion. Similarly, the total debt of the company surged to RMB7.5 billion at end-2025 from RMB4.0 billion at end-2024. As a result, JCDCH's financial leverage, as measured by the debt to capitalization ratio, was further elevated to 44.2% from 34.7% over the same period.

JCDCH's short-term debt servicing pressure was moderately high. At end-2025, JCDCH had unrestricted cash balance of RMB329.5 million, compared with its debt to be due within one year of RMB3.8 billion. Having said that, JCDCH has access to various financing channels, such as bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations. At end-2025, the company had unused credit facilities of RMB3.6 billion.

Rating Sensitivities

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

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

Full List of Issuance Rating

A full list of issuance ratings is included below. Any rating action on JCDCH's rating would result in a similar rating action on its senior unsecured bonds:

- CNY404.0 million 7.0% senior unsecured bonds due 2027 upgraded to 'A-' from 'BBB+'

Operating Environment

Economic Condition of Jining

Jining's GDP amount reached RMB612.8 billion in 2025, representing a year-over-year growth rate of 5.8%, the same as that in 2024. Jining's economic growth was primarily driven by the secondary and tertiary sectors, which contributed 36.2% and 53.2% to the GDP in 2025, respectively. Fixed asset investment growth in Jining slowed down to 0.3% in 2025, compared with a growth of 3.3% in 2024.

Jining's Economic Condition (RMB billion)	**2023**	**2024**	**2025**
GDP	564.2	584.4	612.8
-Primary industry (%)	11.2	10.8	10.6
-Secondary industry (%)	37.4	37.1	36.2
-Tertiary industry (%)	51.4	52.1	53.2
GDP growth rate (%)	6.5	5.8	5.8
Fixed asset investment growth rate (%)	7.1	3.3	0.3
Population (million)	8.2	8.2	8.1

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

Fiscal Condition of Jining

The budgetary revenue of the Jining government grew slightly to RMB50.3 billion in 2025 from RMB49.6 billion in 2024, while the contribution of tax revenue to budgetary revenue further dropped to 60.9% from 62.7% over the same period. The fiscal self-sufficiency of the Jining government remained moderately weak, with its budget deficit widening to 67.8% in 2025 from 61.4% in 2024. In addition, government fund income decreased by 11.0% year-over-year to RMB38.7 billion in 2025, while transfer payment from higher government increased by 4.4% year-over-year to RMB34.4 billion over the same period.

The outstanding debt of the Jining government increased further to RMB236.3 billion at end-2025 from RMB201.6 billion at end-2024, mainly due to the new issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue ratio, was further elevated to 188.7% at end-2025 from 156.9% at end-2024.

Jining's Fiscal Condition (RMB billion)	**2023**	**2024**	**2025**
Budgetary revenue	47.5	49.6	50.3
Budgetary revenue growth rate (%)	6.1	4.5	1.3
Tax revenue	32.4	31.1	30.6
Tax revenue (% of budgetary revenue)	68.1	62.7	60.9
Government fund income	41.8	43.5	38.7
Transfer payment	32.0	32.9	34.4
Aggregate revenue	121.7	128.5	125.2
Budgetary expenditure	78.3	80.1	84.3
Budget balance[1] (%)	-64.8	-61.3	-67.8
Government debt ratio (%)	140.8	156.9	188.7

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Jining, statistical bureau of Jining and Lianhe Global's calculations

Company Profile

JCDCH was established in August 2017, with an initial registered capital of RMB10.0 million funded by Jining Canal Development Venture Capital Co. Ltd. After an array of capital injections and equity transfers, the company's paid-in capital reached RMB2.5 billion at end-2025. Jining SASAC holds 67% equity of the company and the remaining 33% equity is held by Shandong Public Holdings Limited, a LIDC fully owned and ultimately controlled by Jining

SASAC. Therefore, Jining SASAC is both the ultimate sole shareholder and actual controller of the company.

JCDCH is an important LIDC in Jining. The company's core business areas encompass the investment, construction, and operation of industrial parks, as well as municipal construction and urban management operations, complemented by related financial services. Based on these core responsibilities, the company's business scope includes several key sectors: investment and management of industrial parks, municipal construction, municipal construction and sewage treatment, pharmaceutical R&D, human resources services, and financial support services. JCDCH achieved a revenue of RMB663 million in 2025, with a gross margin of 39.3%.

Key Financial Data (RMB million)	**2023**	**2024**	**2025**
Total Assets	10,921	11,826	17,305
Equity	8,433	7,532	9,448
Debt	1,956	3,995	7,488
Debt / (Debt + Equity) (%)	18.8	34.7	44.2
Unrestricted cash/ST Debts (x)	0.1	0.2	0.1
Debt/EBITDA (x)	3.9	9.6	21.4
Revenue	568	629	663
Gross Margin (%)	54.0	46.3	39.3
Cash from sales or services/ Revenue (%)	116.4	85.8	113.6

Source: JCDCH and Lianhe Global's calculations

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