

## Credit Opinion

25 June 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> -
Outlook	Stable

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## Ganzhou Urban Investment Holding Group Co., Ltd.

### Initial credit rating report

**CCXAP assigns first-time long-term credit rating of A<sub>g</sub>- to Ganzhou Urban Investment Holding Group Co., Ltd., with stable outlook.**

### Summary

The A<sub>g</sub>- long-term credit rating of Ganzhou Urban Investment Holding Group Co., Ltd. (“GUIH” or the “Company”) reflects Ganzhou Municipal Government’s (1) very strong capacity to provide support, and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics.

Our assessment of Ganzhou Municipal Government’s capacity to support reflects Ganzhou City’s status as the provincial sub center city in Jiangxi Province, with ongoing economic and fiscal growth.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) importation role in infrastructure construction of Ganzhou City; (2) sufficient reserve of public infrastructure projects; and (3) good track record of receiving ongoing government payments.

However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing debt burden with short-term debt pressure; and (3) weak asset liquidity.

The stable outlook on GUIH’s rating reflects our expectation that the local government’s capacity to support will remain stable, and the Company will maintain its important position in the development of Ganzhou City.

## Rating Drivers

- Importation role in infrastructure construction of Ganzhou City
- Sufficient reserve of public infrastructure projects
- Medium exposure to commercial activities
- Good track record of receiving ongoing government payments
- Increasing debt burden with short-term debt pressure
- Weak asset liquidity
- Moderate access to funding

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decrease in exposure to commercial activities or improvement in debt burden.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in debt burden.

## Key Indicators

	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	150.3	158.4	161.9	164.0
Total Equity (RMB billion)	58.3	61.2	62.0	61.8
Total Revenue (RMB billion)	4.5	4.5	4.7	0.4
Total Debt/Total Capital (%)	56.0	56.0	55.5	54.7

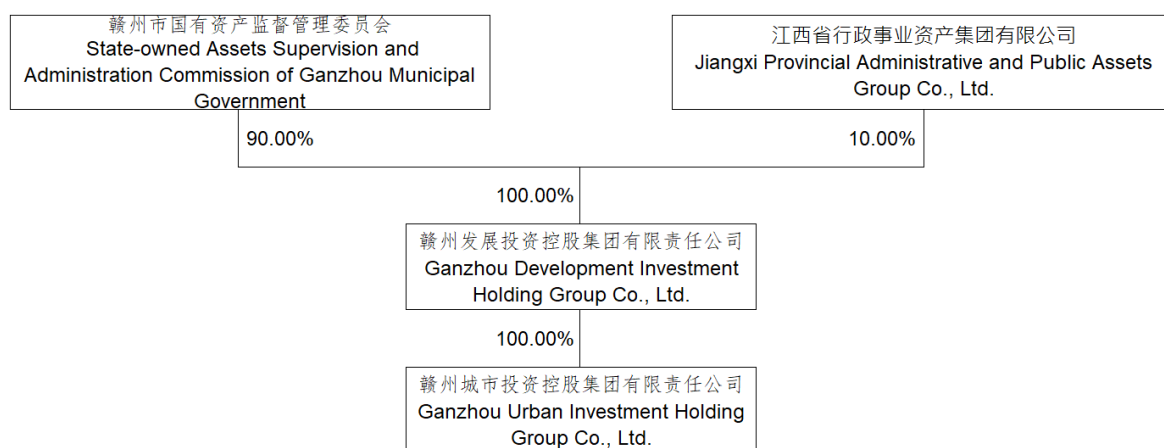
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

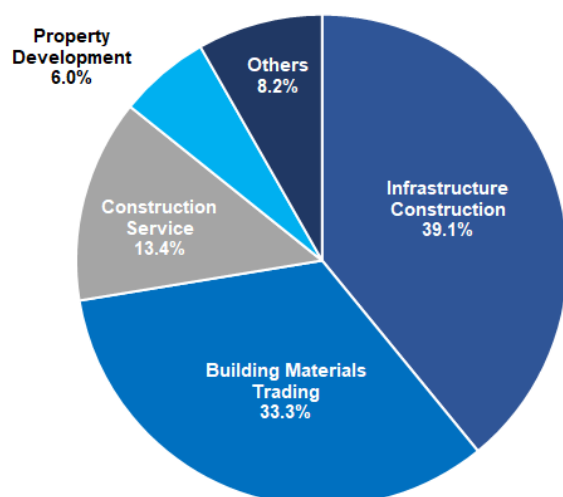
Established in 2009, GUIH is an important local infrastructure investment and financing company ("LIIFC") in Ganzhou City. The Company is primary focus on urban development activities including agency construction projects and shantytown renovation projects. It is also involved in other commercial activities such as trading and construction service. GUIH is a wholly-owned subsidiary of Ganzhou Development Investment Holding Group Co., Ltd. ("GDIH"). GDIH is 90% owned by the State-owned Assets Supervision and Administration Commission of Ganzhou Municipal Government ("Ganzhou SASAC") and 10% by Jiangxi Provincial Administrative and Public Assets Group Co., Ltd., with Ganzhou SASAC being the ultimate controlling shareholder.

### Exhibit 1. Shareholding chart as of 31 March 2025

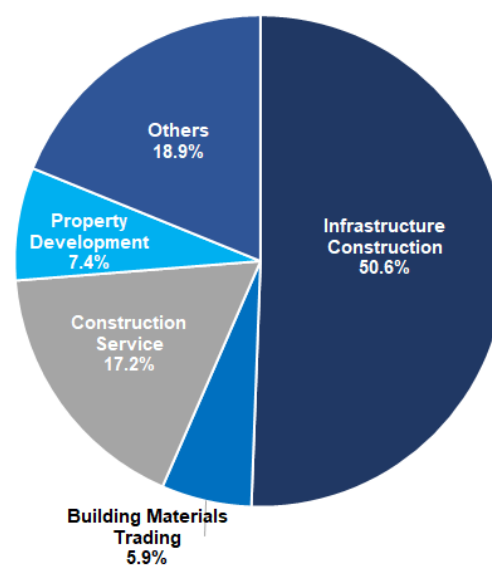


Source: Company information, CCXAP research

### Exhibit 2. Revenue structure in 2024



### Exhibit 3. Gross profit structure in 2024



Source: Company information, CCXAP research

## Rating Considerations

### Government Capacity to Support

We believe Ganzhou Municipal Government has very strong capacity to provide support, given Ganzhou City's status as the provincial sub center city in Jiangxi Province, with ongoing economic and fiscal growth.

Jiangxi Province is located in the central-southern part of China and its economic strength lies at middle level among all provinces in China. In 2024, Jiangxi Province's Gross Regional Product ("GRP") reached RMB3.4 trillion, ranking 15<sup>th</sup> among all provinces in China, with a year-on-year ("YoY") increase of 5.1%. Its general budgetary revenue reached RMB306.0 billion, marking a slight increase of 0.2% compared to the previous year.

Also, the tax revenue contributed RMB195.7 billion to the fiscal revenue in 2024, reflecting a year-on-year decline of 3.2%.

As a provincial sub center city located in the southern part of Jiangxi Province, Ganzhou City possesses strategic resource advantages, with abundant mineral resources. With ongoing development of traditional industries like nonferrous metal mining and cutting-edge industries like software engineering and pharmaceutical, Ganzhou City's economy grew steadily in recent years. In 2024, Ganzhou City's GRP increased by 5.4% YoY to RMB494.0 billion, ranking 2<sup>nd</sup> among all cities in Jiangxi Province. Ganzhou Municipal Government's general budgetary revenue increased from RMB32.0 billion in 2023 to RMB32.8 billion in 2024. However, its fiscal balance ratio is relatively low, averaging at 29.3% over the past three years, indicating high reliance on upper-level government subsidies. As at end-2024, its outstanding governmental debt amounted to RMB232.2 billion, equivalent to 47.0% of its GRP.

#### Exhibit 4. Key economic and fiscal indicators of Ganzhou City

	2022FY	2023FY	2024FY
GRP (RMB billion)	452.4	460.6	494.0
GRP Growth (%)	5.2	5.3	5.4
General Budgetary Revenue (RMB billion)	30.6	32.0	32.8
General Budgetary Expenditure (RMB billion)	98.8	110.1	116.9
Local Government Debt (RMB billion)	159.1	190.3	232.2

Source: Statistics Bureau of Ganzhou City, CCXAP research

### Government Willingness to Support

#### Important role in infrastructure construction of Ganzhou City

There are mainly four LIIFCs under the direct control of Ganzhou SASAC, each with different functions in the development of Ganzhou City, including urban infrastructure construction, provision of public utilities, construction of development zone, and state-owned asset operations. GDIH is the largest state-owned capital investment platform for major industrial and infrastructure project investment and financing in Ganzhou City. As the key subsidiary of GDIH, the Company plays an important role in the Ganzhou City's infrastructure development. GUIH has completed a large amount of infrastructure and public projects, including urban roads, expressways, tunnels, bridge, affordable housings, and public facilities, to improve municipal infrastructure, making great contributions to the urbanization of the region. Considering its strategic significance to the development of Ganzhou City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

#### Sufficient reserve of public infrastructure projects

Positioned by the Ganzhou Municipal Government as the primary infrastructure investment platform, the Company undertakes large amount of infrastructure construction projects. With a substantial project pipeline, the Company has sound business sustainability, but with certain capital expenditure pressure.

The Company develops urban infrastructure projects under an agent construction model in accordance with the specification and requirements of the government. Upon project completion, the Company receives an agreed-upon markup. These projects are financed through the Company's own funds and government funds. As of 31 March 2025, the Company had 5 major infrastructure construction projects under construction, with a total planned investment of RMB10.1 billion and uninvested amount of around RMB4.1 billion. The Company also had 4 infrastructure construction projects under planning, with a total investment amount of RMB1.6 billion.

Besides, most of the projects are supported by the government funds. With a substantial project pipeline, the Company has sound business sustainability. Nevertheless, it encounters certain capital occupation stemming from a large amount of unsettled projects, which are subject to the government's fiscal arrangements.

GUIH is commissioned to conduct shantytown redevelopment work in Ganzhou City under government purchasing service model. The Company enters into a service purchase agreement with relevant government departments and finances the projects through its own funds. As of 31 March 2025, the Company had 2 ongoing shantytown redevelopment projects with invested amount of RMB17.2 billion and remaining investment of RMB2.4 billion. Originally launched several years ago, these projects have relatively long payback periods. Furthermore, with no government service purchasing projects under planning and existing projects approaching completion, the sustainability of this business is subject to uncertainty.

Besides, as of 31 March 2025, the Company had three self-operated infrastructure projects under construction with a total planned investment of RMB13.0 billion and uninvested amount of RMB9.3 billion, demonstrating certain funding pressure. These projects comprise shantytown renewal and smart city infrastructure. Upon completion, financial balance will be achieved through sales of affordable housing to the targeted households and the operating income from smart urban services.

### **Medium exposure to commercial activities**

GUIH's commercial businesses mainly include construction service, property development and trading. We consider the Company's exposure to commercial businesses to be medium, accounting for around 15% of its total assets.

The Company operates in the construction services sector through its subsidiary, and obtains projects mainly through business negotiation and public tender. It generates revenue by undertaking municipal and local government housing projects as a contractor under Engineering, Procurement, and Construction (EPC) contracts or Public-Private Partnership (PPP) arrangements. In 2024, the revenue from construction services decreased by 50% YoY, mainly attributable to reduced engineering business volume in 2024. Nevertheless, as of 31 March 2025, the Company had 18 construction projects in progress, with a total contract value of RMB6.1 billion, indicating high business sustainability.

The Company also engages in property development business, which primarily involves the development and commercial sale of residential housing in Ganzhou City. Due to the pre-sale of projects under construction, the Company's revenue from property development has shown signs of recovery, rising from RMB102.0 million in 2023 to RMB285.0 million in 2024. As of 31 March 2025, the Company has 5 ongoing construction projects with a total planned investment of RMB4.5 billion and remaining investment of RMB2.5 billion. Besides, the Company has no real estate development projects under planning, but will consider initiating new projects based on future land market conditions.

The Company also participates in building materials trading business through its subsidiaries. It supplies concrete, river sand, steel bar and other building materials for construction use. The building materials trading business provides substantial supplemental revenue to the Company, accounting for 33.3% of its total revenue in 2024, but recording a low gross profit margin of around 2.5%. However, the Company faces concentration risks in both its supply chain and customer base, with its top five suppliers accounting for 47.6% of total procurement and top five customers representing 46.3% of total sales in 2023.

### **Good track record of receiving ongoing government payments**

As an important urban development and operation entity in Ganzhou City, the Company has a proven history of receiving support from Ganzhou Municipal Government through various channels including subsidies, asset injection, capital injections and equity interest. From 2022 to 2025Q1, the local government has injected capital and real estate assets totaling RMB10.3 billion into the Company. The Company had also received government subsidies totally of RMB1.8 billion from 2022 to 2025Q1. Additionally, the Company had received government tax refunds totaling RMB1.1 billion and government special bond funds of RMB6.1 billion during the same period. The Ganzhou Municipal Government has also injected assets comprising equity interests in state-owned enterprises into the Company, which form its key asset base. For instance, it transferred equity interests in Architectural Design and Research Institute of Ganzhou City with a book value of approximately RMB66.7 million to the Company. Given its important position in the development of Ganzhou City, we believe that the Ganzhou Municipal Government will continue to provide support to the Company.

### **Increasing debt burden with short-term debt pressure**

With the increasing financing demand for investment in projects, GUIH has an increasing debt burden over the past three years. The Company's total debt increased from RMB72.6 billion at end-2022 to RMB74.4 billion at end-2025Q1, with total capitalization ratio of 54.7%. In addition, the Company has a certain short-term debt burden. As of 31 March 2025, its short-term debt accounted for about 29.0% of total debt and its cash to short-term debt ratio was 0.2x, indicating insufficient cash flow to service its short-term debts. With pipeline of projects under construction, the Company will continue to rely on external financing to meet its future capital expenditure needs. As a result, we expect that its debt burden will continue to grow in the next 12 to 18 months.

### **Weak asset liquidity**

GUIH's asset liquidity is weak, which may undermine its financial flexibility. The Company's assets mainly consist of inventories and receivables with low liquidity. The inventories are development costs from construction projects, while the total receivables mainly consist of uncollected payments from the local government and other state-owned enterprises, totally accounting for about 84.8% of total asset at end-2025Q1. Nevertheless, the properties assets can provide stable income and cash flow to the Company.

### **Moderate access to funding**

As an important municipal platform in Ganzhou City, GUIH has good access to funding from banks and bond market. It maintains a good relationship with diversified policy banks and major domestic commercial banks. As of 31 March 2025, it had obtained total credit facilities of RMB72.1 billion, with available amount of RMB46.6 billion, indicating sufficient standby liquidity. The Company also has access to debt capital markets. As of 31 March 2025, the Company and its subsidiaries had outstanding onshore debt of RMB36.2 billion at a low average rate of about 4.0%. Additionally, the Company also has 4 offshore bonds with total outstanding amount of USD622.0 million. However, the Company has a medium exposure to non-standard financing, such as financial leasing, which accounted for about 15% of its total debt.

## **ESG Considerations**

GUIH assumes environmental risks through its urban infrastructure projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

In terms of social awareness, GUIH has played a crucial role in the social welfare of Ganzhou City by involving the construction of public projects and shantytown redevelopment projects in Ganzhou City.

In terms of corporate governance, GUIH's governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

## **Rating Methodology**

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

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