# Credit Opinion

**31 March 2026**

| Ratings | |
|---|---|
| **Senior Unsecured Debt Rating** | $BBB_g+$ |
| **Long-Term Credit Rating** | $BBB_g+$ |
| **Outlook** | Stable |
| **Category** | Corporate |
| **Domicile** | China |
| **Rating Type** | Solicited Rating |


**Analyst Contacts**

Peter Chong +852-2860 7124

*Associate Director of Credit Ratings*

peter_chong@ccxap.com

Jonathan Kwong +852-2860 7132

*Senior Credit Analyst*

jonathan_kwong@ccxap.com

Elle Hu +852-2860 7120

*Executive Director of Credit Ratings*

elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

**Client Services**

Hong Kong +852-2860 7111


# Foshan Gaoming Construction Investment Group Co., Ltd.

## Surveillance credit rating report

**CCXAP affirms Foshan Gaoming Construction Investment Group Co., Ltd.'s long-term credit rating at $BBB_g+$, with stable outlook.**

## Summary


The $BBB_g+$ long-term credit rating of Foshan Gaoming Construction Investment Group Co., Ltd. ("GCIG" or the "Company") reflects (1) Gaoming District Government has a strong capacity to provide support, and (2) the local government's extremely high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Gaoming District Government's capacity to support reflects industrial development strength and geographic advantage, with ongoing economic growth and good fiscal balance.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) important role in land development of Gaoming District; (2) good track record of receiving ongoing government payments and (3) good access to funding.

However, the rating is constrained by the Company's (1) uncertainty on the sustainability of tram operation business; (2) increasing debt burden driven by ongoing investment needs; and (3) moderate asset liquidity.

The stable outlook on GCIG'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 Gaoming District for the next 12 to 18 months.

## Rating Drivers

- Important role in land development of Gaoming District
- Low exposure to commercial activities
- Good track record of receiving ongoing government payments
- Increasing debt burden driven by ongoing investment needs
- Moderate asset liquidity
- Good 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 strengths the local government’s willingness to support, such as increase in government payments 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 | 2025Q3 |
|---|---|---|---|---|
| Total Asset (RMB billion) | 14.5 | 14.9 | 15.5 | 16.1 |
| Total Equity (RMB billion) | 5.5 | 5.6 | 5.9 | 6.0 |
| Total Revenue (RMB billion) | 1.3 | 1.3 | 1.2 | 0.9 |
| Total Debt/Total Capital (%) | 56.4 | 57.9 | 57.0 | 58.4 |

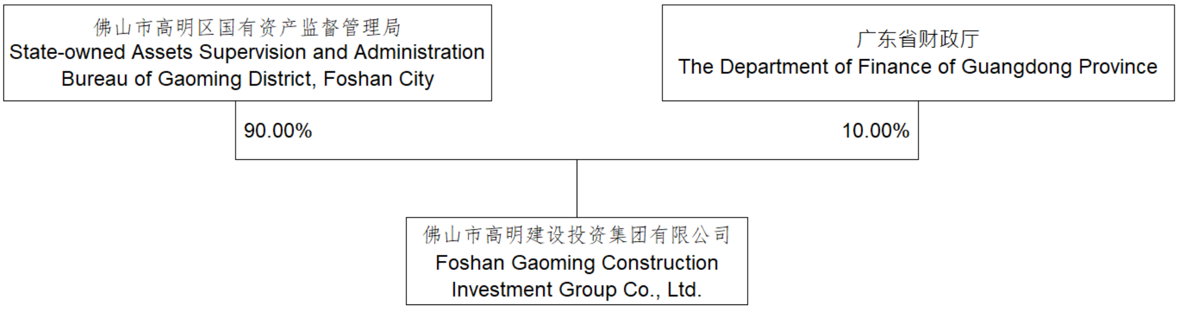
All ratios and figures are calculated using CCXAP’s adjustments.

Source: Company data; CCXAP research

## Corporate Profile

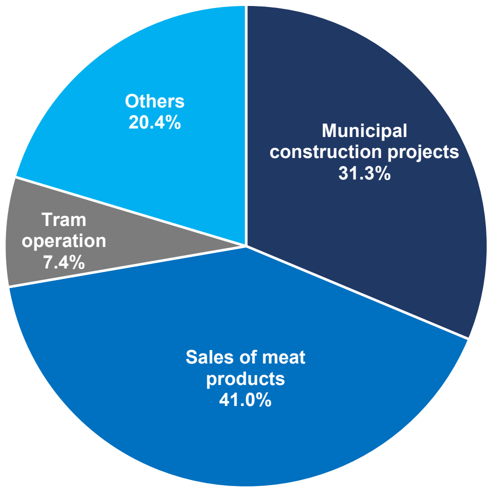
Established in 2011, GCIG is an important local infrastructure construction platform in Gaoming District. The Company is primary focus on land development projects. It is also involved in other commercial activities such as sales of meat products and leasing. As of 30 September 2025, GCIG is ultimately controlled and 90% owned by State-owned Assets Supervision and Administration Bureau of Gaoming District, Foshan City (“Gaoming District SASAB”). Guangdong Provincial Department of Finance holds the remaining 10% of the Company's shares.

**Exhibit 1. Shareholding chart as of 30 September 2025**




Source: Company information, CCXAP research

**Exhibit 2. Revenue structure in 2024**




Source: Company information, CCXAP research

## Rating Considerations

### Government Capacity to Support

We believe Gaoming District Government has strong capacity to provide support, given Gaoming District's industrial development strength and geographic advantage, with ongoing economic growth and good fiscal balance.

Guangdong Province is one of the most economically developed provinces in China, and its comprehensive economic strength outperforms other provinces. The gross regional product ("GRP") of Guangdong Province achieved RMB14.6 trillion in 2024, ranking first among all provinces in China, with a year-on-year ("YoY") increase of 3.9%. In 2025, its general budgetary revenue reached RMB1.4 trillion, ranking first in China for more than 30 consecutive years.

Foshan City is located in the central part of Guangdong Province and plays a vital role in the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area. Foshan City is economically dominated by manufacturing, including advantageous industries and emerging industries. Benefited from good location of Guangdong-Hong Kong-Macao Greater Bay Area and Guangzhou-Foshan Metropolitan Area, Foshan City's GRP increased by 0.2% YoY to RMB1,315.7 billion in 2025, ranking 3rd in terms of GRP among all the cities in Guangdong Province. Besides, its economic growth has improved as compared with previous years. Its general budgetary revenue amounted to RMB80.0 billion, reflecting a YoY increase of 4.3%. Moreover, its fiscal balance is good. Foshan City's budgetary self-sufficient ratio rose from 83.4% in 2024 to 86.9% in 2025. Foshan City's government debt reached RMB273.1 in 2025H1.

**Exhibit 3. Key Economic and Fiscal Indicators of Foshan City**

| | 2022FY | 2023FY | 2024FY |
|---|---|---|---|
| GRP (RMB billion) | 1,269.8 | 1,327.6 | 1,336.2 |
| GRP Growth (%) | 2.1 | 5.0 | 1.3 |
| General Budgetary Revenue (RMB billion) | 79.7 | 80.0 | 76.7 |
| General Budgetary Expenditure (RMB billion) | 102.1 | 98.3 | 92.0 |
| Local Government Debt (RMB billion) | 227.8 | 275.1 | 313.7 |

Source: Statistic Bureau of Foshan City, CCXAP research

Located in the western part of Foshan, Gaoming District is a robust industrial development zone that focuses on high-end equipment manufacturing and advanced materials industries. Gaoming District's economic has maintained steady growth in recent years. In 2024, Gaoming District recorded GRP of RMB110.7 billion, ranking last among Foshan's five districts in total economic output yet achieving the highest per capita GDP. From 2023 to 2024, Gaoming District's general public budget revenue and tax revenue declined, primarily due to retained tax refund and the tax revenue distribution polices. The district's general budgetary revenue amounted to RMB3.8 billion, ranking last in Foshan, with moderate revenue quality. Nevertheless, its fiscal self-sufficiency remains relatively strong, with the ratio of general budgetary revenue to general budgetary expenditure being 77.1% in 2024. As of the end of 2024, the government debt balance in Gaoming District stands at RMB17.8 billion. In 2025Q3, Gaoming District has achieved GRP of RMB27.5 billion, with a growing rate of 2.3%. And its general budgetary revenue increased 7.3% to RMB9.6 billion.

**Exhibit 4. Key Economic and Fiscal Indicators of Gaoming District**

| | 2022FY | 2023FY | 2024FY |
|---|---|---|---|
| GRP (RMB billion) | 104.5 | 110.0 | 110.7 |
| GRP Growth (%) | 3.5 | 6.0 | 1.8 |
| General Budgetary Revenue (RMB billion) | 4.4 | 3.9 | 3.8 |
| General Budgetary Expenditure (RMB billion) | 6.0 | 5.6 | 4.9 |
| Local Government Debt (RMB billion) | 13.9 | 16.1 | 17.8 |

Source: Statistic Bureau of Gaoming District, CCXAP research

## Government Willingness to Support

**Important role in land development of Gaoming District**

There are four main state-owned assets operation entities in Gaoming District, each with clear positioning in the development of the region. The Company is the sole entity authorized by the Gaoming District Government to undertake all land development projects in Xijiang New Town, an area situated in the eastern part of Gaoming District and expected to become the future center of the district.

The Company enters into construction agreements with third-party contractors and executes its land development projects through its subsidiary. As of 30 June 2025, Xijiang New Town Phase I has been completed with an investment of RMB1.3 billion and total repayment of RMB1.5 billion. Phase II is near completion of construction, with the invested amount of RMB4.5 billion, as well as recognized revenue of RMB3.0 billion and repayment amount of RMB1.1 billion. Phase III is under planning but specific plans have yet to be finalized. Most of the Company’s land development and consolidation projects were completed and the substantial project costs remain unsettled.

In addition, the government also reclaim the lands held by the Company as needed. The Company recognizes the payments for the reclaimed land from the government as revenue in accordance with the assigned agreement. In 2025H1, the Company recognized an income of RMB391.0 million from the reclamation of land by the government departments. However, the Company's has limited land assets, indicating weak business sustainability.

**Low exposure to commercial activities**

GCIG's commercial businesses mainly include sales of meat products and leasing. We consider the Company’s exposure to commercial businesses to be low, accounting for less than 15% of its total assets.

In November 2020, the Company initiated its meat products sales and obtained its first permit for a designated livestock abattoir by acquiring Foshan Gaoming District Ninghui Roulian Food Co., Ltd., which was transferred by Gaoming District SASAB. As the sole designated livestock abattoir in Gaoming, this business benefits from regional exclusivity and contributes 30.1% to the Company's total revenue in 2025H1. The Company's meat products business involves livestock slaughtering, meat processing and sales, primarily focusing on pork and other meats. The Company utilizes an integrated model for slaughtering, processing, and sales, focusing on a "sales-driven procurement" model. As of 30 June 2025, the Company has a relatively high concentration of suppliers (67.3%) and customers (70.0%) in both upstream and downstream markets. Besides, the Company has been providing food ingredient distribution services for public school cafeterias in Gaoming District since 2022. Due to improved business capabilities, it has gradually increased its coverage to 20 schools by the end of June 2025.

The Company’s tram operation business mainly comprises a Hydrogen Energy Tram Demonstration Line Project, a private-public partnership project in Foshan, which commenced operation in 2020. This business is conducted by the Company’s subsidiary and features as the world's first commercial hydrogen-powered tram line, spanning about 6.5 kilometers with an investment of RMB838.0 million. The business has regional exclusivity, but relies heavily on government subsidies due to low passenger traffic and its public welfare focus, with estimated subsidies totaling RMB2.2 billion. From 2023 to 2025H1, the Company has received government subsidy income of RMB207.1 million. Additionally, the Gaoming tram demonstration line suspended operations in August 2024 due to equipment and facility maintenance, and there are no clear plans for resumption, necessitating attention to future business planning and sustainability.

The Company is also involved in leasing and property management business, holding rental assets such as agricultural markets, commercial buildings, shops, and some residential units in Gaoming District. In 2024, the leasing and property management business record a revenue of RMB59.3 million. Moreover, the Company has launched a grain and oil storage business since 2022. As the only district-level storage unit in Gaoming District, it manages the procurement, storage, and sales of reserve grain and oil on behalf of the district government, providing both social and economic benefits.

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

As an important infrastructure construction and state-owned asset management entity in Gaoming District, the Company has received strong support from Gaoming District Government in terms of capital injection, asset injection, and government subsidies in recent years. Regarding asset injection, from 2024 to 2025Q3, the government has gratuitously transferred shares of several subsidiaries to the Company, increasing the Company's capital reserve by a total of RMB300.0 million. From 2024 to 2025Q3, it also has received support from government in subsidies of RMB41.8 million. Given its important position in the development of Gaoming District, we believe that the Gaoming District Government will continue to provide support to the Company.

**Increasing debt burden driven by ongoing investment needs**

With the continuous investment in land development and self-operated projects, the Company's debt burden has been increasing over the past few years. The Company's total debt increased from RMB7.6 billion at end-2023 to RMB8.4 billion at 2025Q3, with total capitalization ratio of 58.4%. In addition, the Company has a relatively large short-term debt burden. As of 30 September 2025, its short-term debt accounted for about 36.2% of total debt and its cash to short-term debt ratio was 0.6x, indicating insufficient cash flow to service its short-term debts. With the continuous investment demands, 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.

The Company is exposed to a low contingent liabilities risk. As of 30 September 2025, the Company recorded an external guarantee amount of RMB600.0 million, accounting for 10.1% of its total equity. Those guaranteed entities are the state-owned enterprises ("SOE") in Gaoming District. The credit risk of the Company and other local SOEs might be heightened if one guaranteed entity suffers from credit issues.

**Moderate asset liquidity**

GCIG's asset liquidity is moderate, which may undermine its financial flexibility. GCIG's asset liquidity is considered moderate as reflected by the fact that its assets are primarily composed of inventories and receivables, both with relatively low liquidity. As of 30 September 2025, the inventories and the receivables account for around 50.2% of total assets. The inventories mainly consist of costs from land development projects, while the receivables are mainly unreceived land project payments from Gaoming District Finance Bureau. In addition, the Company had restricted assets of RMB377.0 million, accounting for its net assets of 2.3%.

**Good access to funding**

As an important municipal platform in Gaoming District, GCIG has good access to funding from banks and bond market. It maintains a good relationship with banks. As of 30 June 2025, it had obtained total credit facilities of RMB6.3 billion from diversified policy banks and major domestic commercial banks, with available amount of RMB1.7 billion. The Company also has access to both onshore and offshore debt capital markets. In 2025, the Company issued offshore bond of USD200.0 million, with coupon rate of 5.28%. Additionally, the Company also issued 3 tranches of onshore bonds of about1.9 billion in 2025.

## ESG Considerations

GCIG assumes environmental risks through its land development 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, GCIG has played a crucial role in the social welfare of Gaoming District by involving the construction of public projects and land development projects in Gaoming District.

In terms of corporate governance, GCIG'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.

## Structural Consideration

GCIG's senior unsecured debt rating is in line with its long-term credit rating. We believe that government support will flow through the Company given its important position in the development of Gaoming District, thereby mitigating any differences in an expected loss that could result from structural subordination.

## Rating Methodology

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

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

| | |
|---|---|
| Address: | Suites 1904-1909, 19/F, Jardine House, |
| | 1 Connaught Place, Central, Hong Kong |
| Website: | www.ccxap.com |
| Email: | info@ccxap.com |
| Tel: | +852-2860 7111 |
| Fax: | +852-2868 0656 |