CCXAP affirms Ganzhou Jianxing Holding Investment Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 29 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Ganzhou Jianxing Holding Investment Group Co., Ltd. ("GJHI" or the "Company") at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of GJHI reflects (1) Zhanggong District Government's strong capacity to provide support; and (2) the local government's very high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Zhanggong District Government's capacity to provide support reflects its strong economic importance in Ganzhou City as main urban area of the city, with good comprehensive strength and ongoing economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) most important position in the development of Zhanggong District; (2) high sustainability of public policy businesses; and (3) good track record of receiving government support. However, the rating is constrained by the Company's (1) medium exposure to commercial activities, with slow destocking of property development business; (2) increasing debt level with relatively high short-term debt repayment pressure; and (3) weak asset liquidity.

Corporate Profile

Founded in 2018, GJHI is the most important local infrastructure investment and financing company ("LIIFC") in Zhanggong District, Ganzhou City. The Company mainly engages in infrastructure construction and resettlement housing construction in Zhanggong District. It is also engaged in commercial businesses such as property development, property leasing, sales of construction materials, urban appearance and environmental protection business, and catering and accommodation services. As of 30 June 2026, the Company was wholly owned and directly controlled by the State-owned Assets Supervision and Administration Office of Zhanggong District of Ganzhou City.

Rating Rationale

Credit Strengths

Most important position in the development of Zhanggong District. GJHI is the largest and most important LIIFC in Zhanggong District, conducting local infrastructure and resettlement housing construction projects through its primary subsidiary, Ganzhou Zhanggong District Construction Investment Group Co., Ltd. Considering that GJHI owns large amount of infrastructure assets in Zhanggong District, we believe that the Company has most important position in the development of the region and will not be easily replaced by other state-owned enterprises in the foreseeable future.

High sustainability of public policy businesses. As the major city infrastructure constructer of Zhanggong District, GJHI has undertaken large amount of agent construction projects in the region, focusing on infrastructure construction and resettlement housing. As of 31 March 2026, the Company mainly had 10 projects under construction, with a planned total investment of RMB5.7 billion, of which over RMB3.0 billion remained to be invested, and its municipal and resettlement housing projects under planning had total investment of RMB1.4 billion and RMB0.4 billion, respectively. The infrastructure construction projects in the pipelines will ensure the sustainability of the business, but also bring certain capital expenditure pressure to the Company.

Good track record of receiving government support. GJHI has a good track record of receiving support from local government in the form of financial subsidies and capital injection. The Zhanggong District Government has strengthened the Company's capital base by injecting equity and converting debt claims into capital reserves on a non-reimbursable basis, including a paid-in capital injection of RMB231.8 million and an increase in subsidiary’s registered capital of RMB33.1 million in 2025. The Company also received financial subsidies of RMB376.3 million in 2025, which supported its profitability. Considering GJHI’s important position in the development of Zhanggong District and its tight relationship with the local government, we expect that the local government will continue to support GJHI over the next 12 to 18 months.

Credit Challenges

Medium exposure to commercial activities, with slow destocking of property development business. GJHI has medium exposure to commercial activities, as its commercial assets accounted for around 20-25% of total asset as of 30 June 2026. The commercial businesses include property development, property leasing, sales of construction materials, urban appearance and environmental protection business, and catering services. Among them, although the capital expenditure pressure from the property development business is manageable, with only 2 projects under construction as of 31 March 2026, the property destocking remains slow, with overall sell-through rate of about 70% as of 31 March 2026. In addition, due to the joint development of a commercial property project with a private enterprise, there are significant outstanding balances involving loans, receivables, and external guarantees with the private enterprise.

Increasing debt level with relatively high short-term debt repayment pressure. With ongoing funding for the infrastructure construction projects and their long settlement period, the Company’s total debt increased from RMB14.4 billion at end-2025 to RMB15.7 billion at mid-2026, with total capitalization ratio of 48.1%. As of 30 June 2026, its short-term debt accounted for 49.5% of total debt and the cash to short-term debt ratio was 0.3x, indicating relatively high short-term debt repayment pressure. Given large pipeline of construction projects under construction or planning, we expect that its debt burden will continue to grow in the next 12 to 18 months.

Weak asset liquidity. GJHI’s account receivables, other receivables and inventories accounted for around 80.1% of total assets at mid-2026, all with low liquidity. The inventories are mainly land assets and development costs from agent construction projects and property development projects, and the receivables mainly consist of uncollected payments from the local government and other state-owned enterprises, with a high proportion aged over three years. The weak asset liquidity may undermine its financial flexibility.

Rating Outlook

The stable outlook on GJHI's rating reflects our expectation that, for the next 12 to 18 months, the Company will maintain its most important position in the development in Zhanggong District, and will continue to receive ongoing government support.

What could upgrade the rating?

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

What could downgrade the rating?

The rating could be downgraded if (1) local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as decrease in its regional importance, material decrease in government payments, or deteriorated liquidity profile.

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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