Credit Opinion

21 August 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB_g+
Outlook	Stable

Analyst Contacts

Peter Chong +852-2860 7124

Associate Director of Credit Ratings

peter_chong@ccxap.com

Rory Li +852-2860 7127

Assistant Credit Analyst

rory_li@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

Jiangxi Culture Performance & Arts Development Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of BBB_g+ to Jiangxi Culture Performance & Arts Development Group Co., Ltd., with stable outlook.

Summary

The BBB_g+ long-term credit rating of Jiangxi Culture Performance & Arts Development Group Co., Ltd. ("JCAG" or the "Company") is underpinned by the Company's (1) significant importance for the cultural development of Jiangxi Province, with regional competitive advantage; and (2) high level of resource control and reserves in the cultural field.

However, the rating is also constrained by the Company's (1) moderate business diversification, with relatively high concentration on cultural businesses; (2) small revenue scale and relatively weak profitability; and (3) high debt leverage and weak debt servicing metrics.

The rating also reflects our expectation of a moderately high likelihood of receiving support from the local government when necessary, given the Company's (1) full ownership and actual control by the Jiangxi Provincial Government; and (2) strategic importance in culture and arts development in Jiangxi Province; and (3) good track record of government support.

The stable outlook on JCAG's rating reflects our expectation that the Company will maintain its strategic importance in culture and arts development in Jiangxi Province over the next 12-18 months.

Rating Drivers

- Significant importance for the cultural development of Jiangxi Province, with regional competitive advantage
- High level of resource control and reserves in the cultural field
- Moderate business diversification, with relatively high concentration on cultural businesses
- Risk of impairment from substantial overdue debt investments
- Small revenue scale and relatively weak profitability
- High debt leverage and weak debt servicing metrics
- Moderately high likelihood of support from the local government

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Jiangxi Provincial Government increases; and (2) the Company's stand-alone credit profile improves significantly, such as stronger market position and improvement in financial flexibility.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the Jiangxi Provincial Government decreases; or (2) the Company's standalone credit quality worsens significantly, including a material drop in credit metrics and poor debt management.

Key Indicators

	2024FY	2025FY	2026Q1
Total Assets (RMB million)	7,703.9	8,395.1	8,684.8
Total Equity (RMB million)	1,578.4	2,237.7	2,184.9
Total Revenue (RMB million)	1,053.5	890.6	199.9
Net Profits (RMB million)	30.0	13.4	-53.1
EBIT Margin (%)	18.8	20.2	-
Return on Assets (%)	2.6	2.2	-
Total Debt/Total Capital (%)	71.6	66.7	68.2
Total Debt/EBITDA (x)	11.6	13.5	-
EBITDA/Interest (x)	2.1	2.1	-
FFO/Total debt (%)	1.7	1.8	-

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

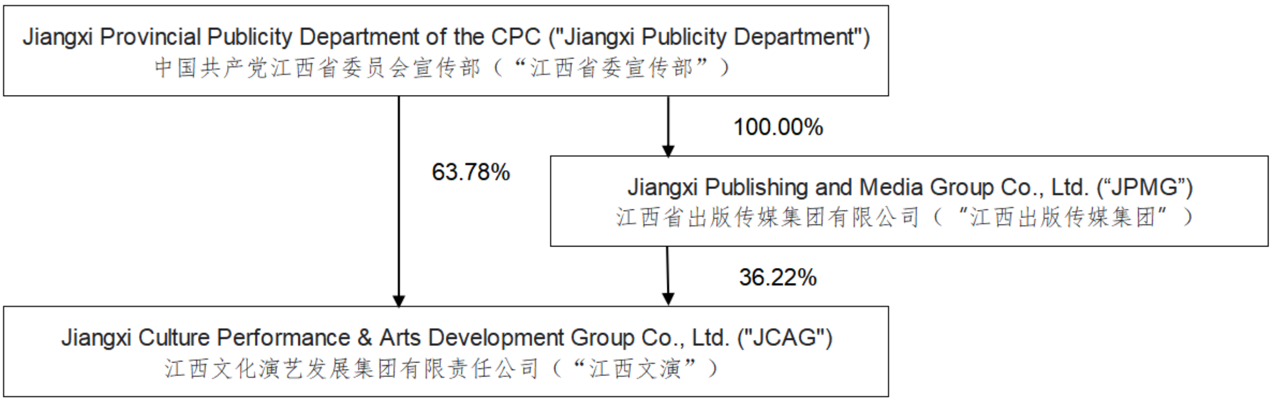
Source: Company data, CCXAP research

Corporate Profile

Founded in 2017, JCAG is one of the four state-owned cultural enterprises in Jiangxi Province. The Company's business development focuses on cultural performances, cultural services, and cultural tourism integration. As of 31 March 2026, the Jiangxi Provincial Publicity Department of the CPC ("Jiangxi Publicity Department") held 63.78% shares of the Company, and Jiangxi Publishing and Media Group Co., Ltd. ("JPMG") held the remaining 36.22% shares. Jiangxi Publicity Department is the comprehensive functional department of the CPC Jiangxi

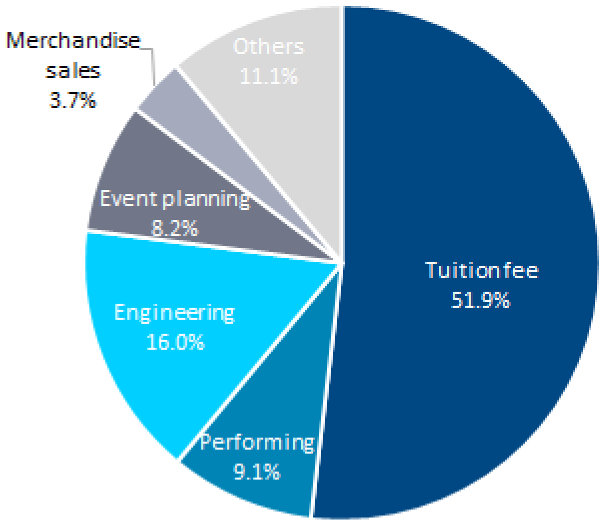
Provincial Committee with responsibility for ideological affairs. Jiangxi Publicity Department is the ultimate controlling shareholder of the Company.

Exhibit 1. Shareholding chart as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Business Profile

Significant importance for the cultural development of Jiangxi Province, with regional competitive advantage

As one of the four provincial state-owned cultural enterprises under the supervision of the Jiangxi Publicity Department, JCAG is currently the largest performing arts group in Jiangxi Province. We believe the Company possesses significant strategic importance for the cultural industry development of Jiangxi Province, with regional competitive advantage.

The Company has six provincial-level art troupes, including the Provincial Song and Dance Troupe, the Provincial Drama Troupe, the Provincial Peking Opera Troupe, the Provincial Acrobatic Troupe, the Provincial Puppet Troupe, and the Provincial Children’s Art Troupe. Currently, the Company owns eight self-operated theaters, all located in Nanchang City, capable of creating and staging plays in various art forms, including song and dance, drama, Peking Opera, acrobatics, and puppet shows. With increasing number of commercial performances, the income from commercial performance increased from RMB12.2 million in 2024 to RMB15.0 million in 2025.

High level of resource control and reserves in the cultural field

The Company boasts a number of outstanding stage art works, which have won dozens of national awards, such as Splendor Award and China Golden Lion Drama Award. Since its premiere on 31 May 2024, its dance drama "Tiangong Kaiwu" has been performed more than 140 times in 38 cities both domestically and internationally by early 2026, with an overall attendance rate exceeding 95%, showing high degree of regional influence. The Company also has assembled a high-caliber cohort of performing arts professionals, including 7 recipients of the Special Government Allowance granted by the State Council.

Moderate business diversification, with relatively high concentration on cultural businesses

The Company’s business diversification is moderate, in that its core businesses mainly involve cultural performances, cultural services, and cultural tourism integration. The Company has shifted its subsequent development focus to the construction of emerging cultural, sports and tourism integration projects, diversifying its business mix.

The Company gains performing income mainly through four sources, including government procurement, commercial performance, introduction of plays by other national and provincial-level performing groups, and custody of other municipal and county theaters. However, in 2025, affected by factors such as changes of market environment and occupancy rates, intensified market competition from large-scale concerts and music festivals, and the increase in low-price public benefit performances, both the performing revenue and profitability declined. The performing revenue decreased by 36.8% year-over-year (“YoY”) to RMB80.9 million in 2025.

The event planning business specifically includes 3 major segments: festival activities, integrated cultural venue services, and exhibitions and displays. The Company mainly undertakes event planning projects through signing contracts with government agencies, local state-owned enterprises, and cultural venues in Jiangxi Province. In 2025, due to the impact of the external market environment, event service revenue decreased by 16.4% YoY to RMB72.9 million. In addition, the Company also undertakes exhibitions and displays engineering projects for local museums, memorial halls, and exhibition halls through bidding. As of end-2025, the Company mainly had 5 engineering projects under construction, with contract values of RMB209.0 million.

In recent years, the Company has continued to expand its presence in the education sector. It currently operates three flagship institutions: Tarim Institute of Technology, Guiyang Institute of Information Science and Technology, and Gongqing College of Nanchang University. The education segment has emerged as the Company’s primary revenue source, delivering steady growth, with tuition and accommodation fees increasing from RMB425.3 million in 2024 to RMB462.4 million in 2025. However, the three education institutes are relatively new, posing certain execution risks to the Company.

The Company's merchandise sales segment mainly includes the sales of scenic tourist equipment, cultural and tourism cards, cultural and creative products, promotional videos, musical instruments, as well as the provision of digital cultural product operations. Due to changes in the scope of consolidation and business restructuring, the Company's merchandise sales revenue decreased from RMB101.0 million in 2024 to RMB32.7 million in 2025.

As cultural and tourism integration gradually becomes a new growth point for the performing arts industry, the Company's subsequent development focus has shifted to the construction of emerging cultural, sports and tourism integration projects, such as a holiday resort project in Sanqing Mountain. However, it is currently in the incubation and investment stage and has not yet generated revenue and profit contributions.

Risk of impairment from substantial overdue debt investments

The Company holds a substantial portfolio of debt investments, with all outstanding loans lent to its equity investees for the development of cultural complexes or the operations of educational institutions. As of the end of 2025, the principal balance of the Company’s material debt investments stood at RMB1.0 billion. In 2025, the Company recognized interest income of RMB104.0 million from the debt investments. However, most of the investments are overdue, with heightened risk of further impairment, causing uncertainty regarding the recovery of both principal and interest. The main debtor has transferred its cultural complexes to the Company for servicing part of the debts, and the remaining will be repaid through the sale of housing properties or income from operating properties.

Financial Profile

Small revenue scale and relatively weak profitability

The Company’s total revenue is comparatively small, and has fluctuated in recent years. In 2025, the revenue amounted to RMB890.6 million, mainly consisting of tuition fees (51.9% of total revenue), engineering construction (16.0%), performances (9.1%), and event services (8.2%).

JCAG’s operating profitability is eroded by period expenses and credit impairment losses. The Company's period expenses mainly consist of administrative expenses and financial expenses, with period expense ratio of 44.0% in 2025. Since 2024, the Company's provision for credit impairment losses on receivables and debt investments has further eroded its profits. Nonetheless, the increasing government subsidies and investment return from debt investments have been supporting its profitability. In 2025, the Company’s EBIT margin was moderate at 20.2%.

However, the Company’s asset profitability is weak, resulting in low return on assets. As of 31 March 2026, the Company’s total assets mainly consisted of fixed assets, debt investments, and construction in progress, totally accounting for 61.2% of total assets. The construction in progress mainly includes school projects under construction, while the fixed assets mainly consist of buildings such as schools and theaters. The Company's debt investments mainly involve lending loans to its equity-participating enterprises. However, the debt investments have experienced a significant number of overdue payments, and there is a considerable risk of impairment. In 2025, the return on average assets was low at 2.2%. Overall, JCAG’s profitability is relatively weak.

High debt leverage and weak debt servicing metrics

In recent years, with business development, the Company's external financing needs have increased, and the debt burden has also risen. As of 31 March 2026, the Company’s adjusted total debt amounted to RMB4.7 billion, with high total capitalization ratio of 68.2%. In addition, the Company has large amount of short-term debt, which accounted for 46.8% of its total debt, indicating high short-term repayment pressure.

JCAG's debt servicing capability is weak as the EBITDA/total interest ratio was 2.1x while its total debt/EBITDA ratio was 13.5x in 2025. Its operating cashflow is also insufficient to cover its debts. In 2025, the FFO to total debt ratio was 1.8%. We expect that the Company will rely on external financings to meet its capital expenditures and the total debt level will continue to increase.

Fair access to funding

JCAG has fair access to funding as its total debts mainly consist of bank loans and bonds. As of 31 March 2026, the Company had obtained total bank credit facilities of RMB13.7 billion, with an unutilized amount of RMB9.7 billion, indicating sufficient standby liquidity. The Company also has access to onshore debt capital market. In January 2026, it raised RMB200.0 million via onshore bond market. We expect that the Company will continue to broaden its financing channels, such as issuing offshore bonds.

External Support

Moderately high likelihood of support from the local government

We anticipate the Company has a moderately high likelihood of receiving support from the local government when necessary, given the Company's (1) full ownership and actual control by the Jiangxi Provincial Government; and (2) strategic importance in culture and arts development in Jiangxi Province; and (3) good track record of government support.

We believe Jiangxi Province Government has a strong capacity to support the Company, reflected by its ongoing economic and fiscal growth. Its economic strength improved steadily with gross regional product increasing by 5.2% YoY to RMB3.6 trillion, ranking 15th among all provinces in China. Its general budgetary revenue rose slightly from RMB306.7 billion in 2024 to RMB307.9 billion in 2025.

The Company is ultimately controlled by the Jiangxi Publicity Department. As an important cultural enterprise in Jiangxi Province, the Company is one of the four provincial state-owned cultural enterprises directly managed by the Jiangxi Publicity Department. Its business development focuses on cultural performances, cultural services, and cultural tourism integration, and it holds significant functional importance in culture and arts development in Jiangxi Province.

JCAG receives good support from the local government, including equity transfers, cash injection, and financial subsidies. In 2024, the local government transferred equity of Jiangxi Art Theatre to the Company, increasing its capital reserves by RMB41.9 million. In 2025, JPMG increased its capital contribution to the Company by transferring 100% equity of a subsidiary and RMB100.0 million in cash, totally increasing its paid-in capital and capital reserves by RMB611.8 million. From 2023 to 2025, the Company also received operating subsidies and special funds from the local government with a total amount of around RMB118.9 million.

ESG Considerations

JCAG's environmental performance is good. The Company and its subsidiaries have not been subject to any administrative penalties due to environmental issues in the past three years.

In terms of social awareness, the Company has an employee incentive mechanism and training system, resulting in high employee stability. In recent years, the Company has not experienced any safety production accidents or quality accidents.

In terms of corporate governance, in recent years, the Company has gradually improved its management mechanism and continuously improved its corporate governance structure to standardize its operations. The Company has a clear strategic plan and its development strategy is in line with industry policies and the Company's business objectives.

Rating Methodology

The methodology used in this rating is the Rating Methodology for General Corporate (May 2026).

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.

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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