

CCXAP affirms Jiaxian State-owned Capital Operation Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 30 April 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Jiaxian State-owned Capital Operation Group Co., Ltd.’s (“JXSC” or the “Company”) long-term credit rating at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of JXSC reflects Jia County Government’s (1) relatively strong capacity and (2) extremely high willingness to provide support based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects the status of Jia County’s increasing economic strength, but constrained by its relatively weak fiscal balance.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) significant role in local infrastructure construction; and (2) solid track record of receiving government supports. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) limited access to funding with high reliance on bank loans; and (3) medium exposure to contingent liability risk, with a high recovery risk from receivables.

Corporate Profile

Established in 2015, JXSC is one of the three most important infrastructure investment and financing companies (“LIIFCs”) in Jia County after the consolidation of local state-owned entities. In 2022, the local government transferred 100% of its shareholding in Jiaxian Development Investment Group Co., Ltd. (“JXDI”) to JXSC. The Company then became the largest LIIFC in terms of total assets in Jia County, mainly responsible for infrastructure construction in Jia County. JXSC also engages in commercial activities, such as self-owned projects construction and operation, sand and gravel sales, and leasing. As of end-2025, the Company was wholly owned by the State-owned Asses Service Center of Jia County, and the Jia County Government was the ultimate controller of JXSC.

Rating Rationale

Credit Strengths

Significant role in local infrastructure construction. As one of the three most important LIIFCs in Jia County, JXSC has a significant role in local infrastructure construction. JXSC’s infrastructure construction projects are essential to both the livelihood of local residents and the development blueprint of the local government. Sufficient project reserves also ensure the sustainability of Company’s development, and therefore we believe that JXSC will not be easily replaced by other state-owned enterprises in the foreseeable future.

Solid track record of receiving government support. JXSC has a solid track record of receiving support from the local government in the form of capital injection, asset injections, and financial subsidies to support its investments and the operation of its businesses. The local



government also regularly makes project payments to the Company for its public policy projects. The Company received capital injection in 2024 and the first three quarters of 2025, increasing the paid-in capital by RMB409.8 million. In 2025, the local government transferred assets with total value of more than RMB2.0 billion to the Company, such as farmland income rights and sand mining rights. In addition, the local government provided subsidies of RMB15.0 million to the Company to support its operation and development over the same period. Considering its significant role in local infrastructure construction of Jia County, we expect the local government will continue to provide support to the Company.

Credit Challenges

Medium exposure to commercial activities. JXSC participates in commercial activities such as self-owned projects construction and operation, sand and gravel sales, and leasing. We consider that JXSC maintained a medium exposure to commercial activities, and the vast majority is the sand and gravel mining right transferred from the local government, accounting for around 30% of its total assets.

Limited access to funding with high reliance on bank loans. JXSC has a fair access to funding channels such as bank loans and onshore bonds. Bank loans contribute most of the total debt, which accounted for about 89.0% as of 30 September 2025. As of the same date, the Company had total bank facilities of RMB2.1 billion, with limited liquidity buffer. The Company also actively strengthens cooperation with large state-owned commercial banks to improve its financing channels and steps into capital market. In 2020, the Company's subsidiary JXDI issued one tranche of domestic bonds, raising RMB670.0 million. We expect the Company to expand its financing channels to fulfil its future capital expenditure needs for infrastructure projects.

Medium exposure to contingent liability risk, with a high recovery risk from receivables. The Company bears medium exposure to contingent liability risk, which could potentially increase its repayment obligations. As of 30 September 2025, the Company's external guarantees amounted to around RMB1.7 billion, accounting for around 12.4% of its net assets. The Company provided external guarantees to some private-owned enterprises, although most of these guarantees were provided to local state-owned enterprises. Some of the guarantees are listed as judgement debtors for multiple times, while some of the guarantees had interest arrears and overdue payments. JXSC's subsidiary JXDI has also been listed as a judgement debtor for several times. In addition, there is a risk of recovery for its receivable accounts. As of 30 September 2025, accounts receivable and other receivables accounted for 5.8% and 11.6% of the Company's total assets, mainly from state-owned enterprises and government entities. Notably, Jiaxian People's Hospital and Jiaxian Urban Construction Investment Co., Ltd. have been listed as judgment debtors, posing certain recovery risks.

Rating Outlook

The stable outlook on JXSC's rating reflects our expectation that the Jia County Government's capacity to provide support will be stable, and the Company's significant role in local infrastructure construction of Jia County will remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Jia County 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 improved financing ability.

What could downgrade the rating?

The rating could be downgraded if (1) Jia County Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced regional significance or materially increased exposure to risky commercial activities or deteriorated debt management.

Rating Methodology

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

Regulatory Disclosures

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

Christy Liu
Assistant Director of Credit Ratings
+852-2860 7127



christy_liu@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



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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