

## **CCXAP affirms Nanchang Jinkai Group Co., Ltd.'s long-term credit rating at BBB<sub>g-</sub>, with stable outlook.**

Hong Kong, 25 August 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Nanchang Jinkai Group Co., Ltd.’s (“NCJK” or the “Company”) long-term credit rating at BBB<sub>g-</sub>, with stable outlook.

The BBB<sub>g-</sub> long-term credit rating of NCJK reflects local Government’s (1) strong capacity to provide support, based on our assessment of Nanchang Economic and Technological Development Zone (“Nanchang ETDZ”); and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Nanchang ETDZ Government’s capacity to provide support reflects its status as the national-level ETDZ in Nanchang City, with increasing economic strength and moderate fiscal metrics.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important role in the development of Nanchang ETDZ with sufficient public policy project reserves; (2) good track record of receiving government support; and (3) diversified financing channels from banks and capital markets. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities with capital expenditure pressure; (2) increased debt burden with short-term debt repayment pressure; and (3) weak asset quality.

### **Corporate Profile**

Founded in September 2015, NCJK is a key local infrastructure investment and financing company (“LIIFC”) in Nanchang ETDZ, focusing on infrastructure construction, social housing construction and municipal management and maintenance, playing a strategic role in the region’s social, economic and urban development per local government plans to facilitate Nanchang ETDZ’s investment and development. It is also engaged in commercial activities such as property leasing and management, supply chain trading, and real estate development. As of 30 June 2025, Nanchang Jinkai Industrial Holding Group Limited (“NJIH”) held 90% of the Company’s shares, and the Management Committee of Nanchang ETDZ was the ultimate controller of the Company.

### **Rating Rationale**

#### **Credit Strengths**

**Important role in the development of Nanchang ETDZ with sufficient public policy project reserves.** As the largest subsidiary of NJIH, NCJK has played an important role in undertaking public policy projects entrusted by the local government, including infrastructure construction, social housing construction, as well as municipal management and maintenance. In addition, the Company has sufficient public policy project reserves, indicating high business sustainability. We believe that with its strong policy mandate, the Company will undertake most of the public projects in Nanchang ETDZ, and will not be replaced by other state-owned enterprises in the foreseeable future.

**Good track record of receiving government support.** NCJK has a good track record of receiving support from the local government in terms of capital injections, funding allocations, asset transfers, and operating subsidies. Given the Company's strategic role in the Nanchang ETDZ, we believe that the Company will continue to receive financial support from the local government.

**Diversified financing channels from banks and capital markets.** NCJK has good access to funding from banks and the capital market, accounting for 66.2% and 24.5% of its total debt as of 31 March 2025. The Company maintains solid cooperation with multiple commercial banks and has sufficient standby liquidity. In terms of bond financing, the Company continues to have good access to the onshore and offshore bond market. Given the Company's important role in the social and economic development of Nanchang ETDZ, we expect NCJK to maintain strong access to diversified financing channels.

### Credit Challenges

**Medium exposure to commercial activities with capital expenditure pressure.** NCJK engages in commercial activities such as property leasing and management, supply chain trading, and real estate development. We consider the Company's exposure to commercial risk as moderate, given that most of these activities align with the region's strategic development priorities.

**High debt leverage with short-term debt repayment pressure.** Due to the large investment scale of construction projects such as factory and industrial park projects, NCJK's total debt has continued to grow, increasing from RMB24.9 billion at the end of 2023 to RMB28.2 billion as of 31 March 2025. As of 31 March 2025, the proportion of short-term debt has increased to 58.2% and the cash to short-term debt ratio is 0.3x, reflecting significant short-term debt repayment pressure. Given the large capital needs from construction projects, we expect the debt leverage to remain at a relatively high level in the next 12 to 18 months.

**Weak asset quality.** NCJK's asset quality is weak, as reflected by its weak liquidity and limited asset profitability. The Company's total assets mainly consist of less liquid assets such as receivables, inventories, investment properties and intangible assets, accounting for 81.8% of the Company's total assets as of 31 March 2025. Moreover, these assets show limited profitability, with leasable factories and other properties contributing small rental income.

### Rating Outlook

The stable outlook on NCJK's rating reflects our expectation that the local government's capacity to provide support will remain stable and that the Company will maintain a high strategic importance in the development of Nanchang ETDZ.

### What could upgrade the rating?

The rating could be upgraded if (1) Nanchang ETDZ Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that enhances the local

government's willingness to provide support, such as reduced exposure to risky commercial activities, and improved debt management and asset liquidity.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) Nanchang ETDZ 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 reduced strategic significance, decrease in government payments; or increase in exposure to commercial activities.

#### **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**

CCXAP's Rating Symbols and Definitions are available on its website at:

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