CCXAP affirms Zhaoqing Gaoyao Jiantou Investment and Development Group Co., Ltd.'s long-term credit rating at BBB$_g$-, with stable outlook.

Hong Kong, 19 August 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Zhaoqing Gaoyao Jiantou Investment and Development Group Co., Ltd. ("GJID" or the "Company") at BBB$_g$-, with stable outlook.

The BBB$_g$- long-term credit rating of GJID reflects Gaoyao District Government's (1) strong capacity to provide support, and (2) high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of Gaoyao District Government's capacity to provide support reflects its economic importance in Zhaoqing City with ongoing growth in fiscal strength.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) key strategic importance in Gaoyao District and Jinli High-tech Zone; (2) substantial pipeline of infrastructure construction projects; and (3) solid track record of receiving governmental support. However, the Company's rating is constrained by the Company's (1) increasing debt burden with high short-term debt repayment pressure; (2) weak asset liquidity; and (3) medium contingent liability risk from external debt guarantees.

Corporate Profile

Founded in 2017, GJID is an important local infrastructure investment and financing company in Gaoyao District of Zhaoqing City. The Company primarily engages in infrastructure construction business. It is also engaged in some commercial businesses, such as trading, property leasing, and catering. As of 31 March 2026, the Company was wholly owned by Zhaoqing Gaosheng City Investment Development Co., Ltd. GJID is ultimately controlled by the State-owned Assets Supervision and Administration Bureau of Gaoyao District.

Rating Rationale

Credit Strengths

Key strategic importance in Gaoyao District and Jinli High-tech Zone. As an important infrastructure construction entity in Gaoyao District and the sole infrastructure construction entity in Jinli High-tech Zone, the Company actively participates in various infrastructure projects, effectively facilitating the urbanization and regional economic development of Gaoyao District. Considering the Company's high strategic significance to the development of Gaoyao District and Jinli High-tech Zone, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

Substantial pipeline of infrastructure construction projects. GJID mainly engages in infrastructure construction, land transfer, and demolishment and reclamation of rural construction land businesses in Gaoyao District. At end-2025, the Company had considerable agency projects under construction, with planned total investment of RMB16.0 billion and uninvested amount of RMB12.0 billion. In the meantime, the Company had 4 agency projects under planning, with planned total investment of RMB3.3 billion. Given the considerable construction projects in the pipeline, the infrastructure construction business has high sustainability, but bringing large capital expenditure pressure.

Solid track record of receiving governmental support. In recognition of the importance of public activities in Gaoyao District, GJID has received ongoing support from the local government in the form of capital injection, asset transfer, special funds and government subsidies. In 2025, the Company's paid-in capital increased by RMB153.0 million and it received government subsidies of RMB363.5 million. Given GJID's important strategic role in the region, we expect the Company will continue to receive support from the government in the future.

Credit Challenges

Increasing debt burden with high short-term repayment pressure. GJID shows a rising debt burden owing to its expansion in the construction of public-policy projects. The Company's total debt increased from RMB10.9 billion at end-2024 to RMB11.3 billion at end-2025, with an improving capitalization ratio of 49.2%. Meanwhile, the Company has a relatively high short-term repayment pressure, with the short-term debt accounting for 47.2% of the total debt, and low cash to short-term debt ratio of 0.2x.

Weak asset liquidity. As of 31 March 2026, its assets mainly consisted of inventories and receivables, accounting for 86.6% of the total assets. The inventories are comprised of land use rights, development costs for the construction projects, and forest rights assets, while receivables are mainly payments owed by entrusting parties of the construction projects, both of which are considered low liquidity.

Medium contingent liability risk from external debt guarantees. As of 31 December 2025, GJID had outstanding external guarantees of RMB5.2 billion, accounting for 44.4% of its net assets. We believe contingent risk would be controllable as all the external guarantees are provided to local state-owned enterprises in Gaoyao District, which are expected to be supported by the local government when necessary.

Rating Outlook

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

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as improvement in debt management and material reduction in external guarantee.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decrease the local government's willingness to provide support, such as decrease in its strategic significance or increase in commercial exposure.

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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