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

Hong Kong, 21 August 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of BBB_g+ to Jiangxi Culture Performance & Arts Development Group Co., Ltd. ("JCAG" or the "Company"), with stable outlook.

The BBB_g+ long-term credit rating of JCAG is underpinned by the Company's 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.

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. 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.

Rating Rationale

Credit Strengths

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.

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.

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.

Credit Challenges

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.

Small revenue scale and relatively weak profitability. The Company's total revenue is comparatively small, and has fluctuated in recent years. The Company's asset profitability is weak, resulting in low return on assets. 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. As of 31 March 2026, the Company's adjusted total debt amounted to RMB4.7 billion, with high total capitalization ratio of 68.2%. 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.

Rating Outlook

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.

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.

Rating Methodology

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

Regulatory Disclosures

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