

Credit Opinion

25 August 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g -
Outlook	Stable

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Nanchang Jinkai Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Nanchang Jinkai Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Summary

The BBB_g- long-term credit rating of Nanchang Jinkai Group Co., Ltd. ("NCJK" or the "Company") reflects the 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, 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.

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.

Rating Drivers

- Important role in the development of Nanchang ETDZ with sufficient public policy project reserves
- Good track record of receiving government support
- Medium exposure to commercial activities with capital expenditure pressure
- Increased debt burden with short-term debt repayment pressure
- Weak asset quality
- Diversified financing channels from banks and capital markets

Rating Sensitivities

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.

Key Indicators

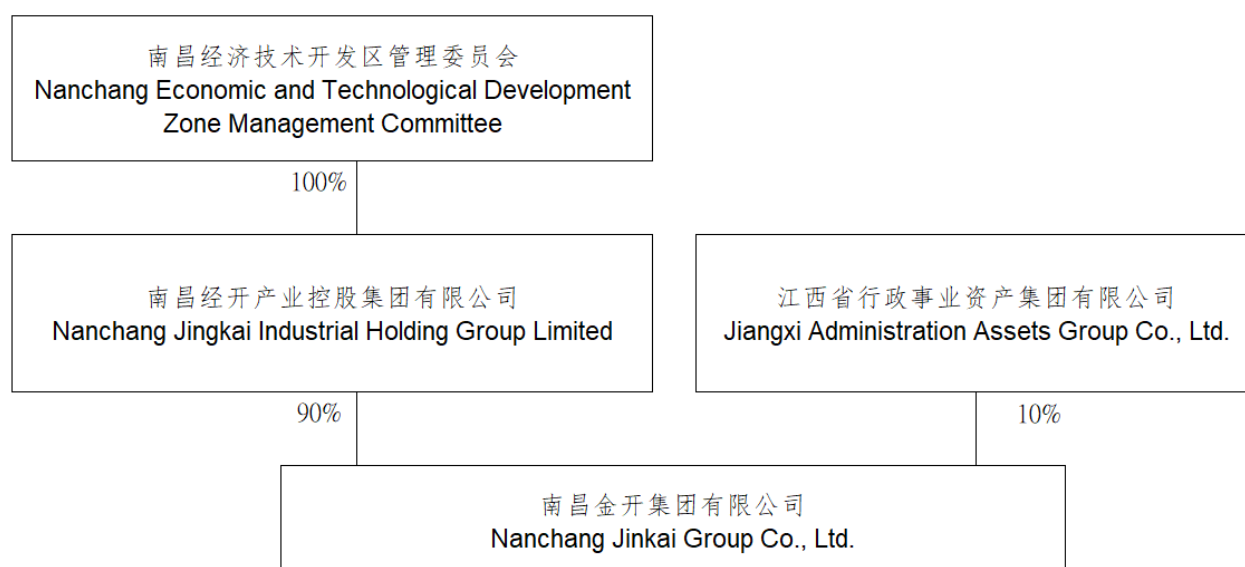
	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	42.1	47.1	52.2	55.2
Total Equity (RMB billion)	16.3	17.3	18.2	18.5
Total Revenue (RMB billion)	3.0	3.4	3.7	1.1
Total Debt/Total Capital (%)	58.1	58.9	60.0	60.3

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

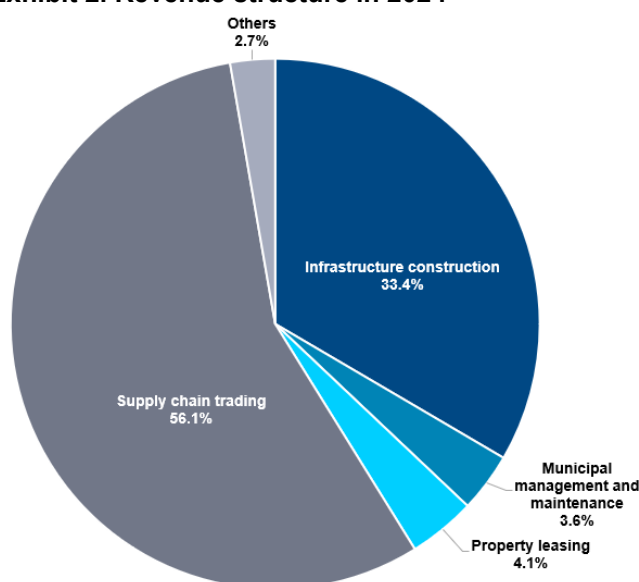
Source: Company data, CCXAP research

Corporate Profile

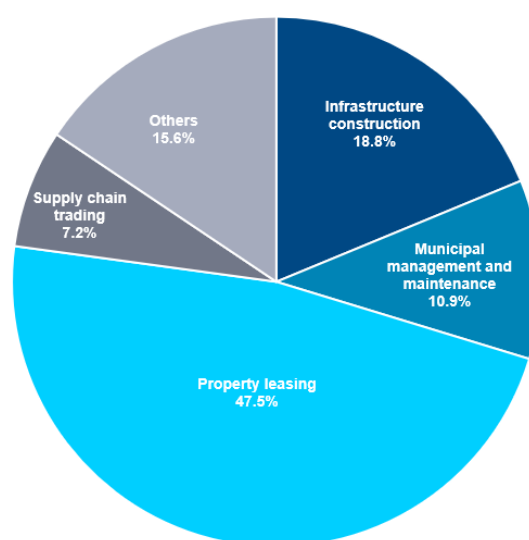
Founded in September 2015, NCJK is a key local infrastructure investment and financing company ("LIIFC") in Nanchang ETDZ, focusing on infrastructure construction, social housing construction and municipal management and maintenance, playing a strategic role in the region's social, economic and urban 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 Jingkai 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.

Exhibit 1. Shareholding chart as of 30 June 2025

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

Source: Company information, CCXAP research

Exhibit 3. Gross profit structure in 2024

Rating Considerations

Government's Capacity to Provide Support

We believe Nanchang ETDZ Government has a strong capacity to provide support to the Company, given its status as a national-level ETDZ in Nanchang City, with ongoing economic growth and moderate fiscal metrics.

Nanchang City is a prefecture-level city located in the north of Jiangxi Province and the capital of Jiangxi Province. Nanchang City develops strategic emerging pillar industries such as automobiles and new energy vehicles, electronic information, biomedicine, and aviation equipment. It also develops advantageous industries such as green food, modern textiles, new materials, and electromechanical equipment manufacturing. In 2024, the GRP of Nanchang City increased by 4.9% YoY to RMB780.0 billion, ranking 1st among all cities in Jiangxi

Province. However, it maintains a modest fiscal balance, with 56.0% coverage of general budgetary revenue to general budgetary expenses in 2024. Moreover, its fiscal stability is at a moderate level, with the ratio of tax revenue to general budgetary revenue averaging 63.3% over the past three years. Nanchang Municipal Government's debt burden was growing, with an outstanding direct government debt of RMB193.0 billion at end-2024, accounting for 24.7% of its GRP. In the first half of 2025, Nanchang City recorded a GRP of RMB371.3 billion, with a YoY growth of 5.0%.

Exhibit 4. Key economic and fiscal indicators of Nanchang City

	2022FY	2023FY	2024FY
GRP (RMB billion)	720.4	732.4	780.0
GRP Growth (%)	4.1	3.5	4.9
General Budgetary Revenue (RMB billion)	45.8	50.0	52.6
General Budgetary Expenditure (RMB billion)	93.9	92.6	94.0
Local Government Debt (RMB billion)	148.2	167.9	193.0

Source: Statistic Bureau of Nanchang City, CCXAP research

Nanchang ETDZ was established in 1992 and was approved as a national-level Economic and Technological Development Zone in 2000. As the core engine for industrial development in Jiangxi Province and a key industrial hub in the middle reaches of the Yangtze River, it has formed five industrial pillars of electronic information, new energy automobile and parts, biomedicine, smart equipment manufacturing, and aviation. In 2023, Nanchang Comprehensive Bonded Zone and Nanchang Airport Economic Zone were integrated into Nanchang ETDZ, and adjustments to the statistical scope resulted in a decline in GRP. Its GRP increased from RMB75.1 billion in 2023 to RMB77.0 billion in 2024, with a 5.1% YoY growth. Tax revenue accounted for 53.6% of total general budgetary revenue, indicating moderate fiscal stability. It has a moderate fiscal balance, with general budgetary revenue to general budgetary expenditure ratio of 62.9%. In addition, as of end-2024, the government debt balance increased to RMB11.4 billion, accounting for 14.8% of its GDP.

Exhibit 5. Key economic and fiscal indicators of Nanchang ETDZ

	2022FY	2023FY	2024FY
GRP (RMB billion)	78.0	75.1	77.0
GRP Growth (%)	4.7	-	5.1
General Budgetary Revenue (RMB billion)	1.9	2.2	2.4
General Budgetary Expenditure (RMB billion)	3.5	3.3	3.8
Local Government Debt (RMB billion)	9.9	7.8	11.4

Source: Management Committee of Nanchang ETDZ, CCXAP research

Government's Willingness to Provide Support

Important role in the development of Nanchang ETDZ with sufficient public policy project reserves

NJIH is the largest LIIFC in Nanchang ETDZ, providing comprehensive services in Nanchang ETDZ, such as urban construction, industrial park operation, financial services, and investment attraction. 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. It has made significant contributions to the municipal development and continuous urbanization of Nanchang ETDZ. 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.

NCJK undertakes key urban construction projects in Nanchang ETDZ, primarily including resettlement housing, roads, and schools. NCJK continues to conduct urban construction business through the agent construction model, with sufficient project reserves on hand. As of 31 March 2025, the Company had 16 infrastructure projects under construction, with a total planned investment of RMB4.1 billion and an uninvested amount of RMB1.8 billion. The relatively large number of projects in the pipeline can ensure the sustainability of the business, but exert relatively high capital expenditure pressure on the Company. However, as infrastructure construction in the core area of Nanchang ETDZ has been basically completed, future investment in agent construction has experienced a slowdown. As of 31 March 2025, the Company had completed infrastructure projects with a total investment of RMB10.8 billion, primarily comprising resettlement housing developments and municipal road networks and pipelines, and the progress of payment collection for these completed projects is relatively slow.

In addition, NCJK engages in municipal management and maintenance business. In recent years, this business has attained a stable scale through project accumulation, characterized by a strong policy orientation and operational stability.

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.

NCJK undertakes property leasing and management operations in Nanchang ETDZ. With increasing completions and operational launches of factories and industrial parks, the Company's rentable areas have expanded. As of 31 March 2025, the total rentable factory area amounted to 1.7 million square meters ("sqm"), with an overall occupancy rate of 59.3%. Moreover, the Company holds commercial shops and residential properties in resettlement housing and pedestrian streets, with a rentable area of 546.3 thousand sqm and an occupancy rate of 88.4%, which can provide supplementary rental income to the Company. In 2024, its property leasing and management income increased by 17.2% YoY to RMB149.9 million with a high gross profit margin of 69.1%. However, the Company exhibits relatively high tenant concentration risk, with its top five tenants' revenue accounting for 52.5% of the business revenue in 2024. Furthermore, the Company's industrial park projects involve a large investment scale, facing capital expenditure pressure. As of 31 March 2025, the Company had 5 ongoing and planned projects with a total planned investment of RMB4.3 billion and an uninvested amount of RMB3.3 billion. As more factories are completed and tenants gradually exit the rent reduction period, the property leasing and management revenue is expected to grow but remains highly dependent on both progress in new tenant acquisition and the operating performance of existing park tenants.

In addition, NCJK has continued to expand its supply chain trading business by adding categories such as agricultural products and books, with ongoing revenue growth. In 2024, the revenue of the business increased by 35.0% YoY to RMB2.1 billion, accounting for 56.1% of total revenue, making it the Company's largest revenue source. However, it demonstrates limited profitability with a gross profit margin of only 0.8%. Moreover, the Company faces high concentration risks. In 2024, its top five suppliers and customers accounted for 56.4% of total purchases and 62.0% of total sales respectively.

Furthermore, NCJK is involved in real estate development. As of 31 March 2025, there were 2 projects under construction with a total planned investment of RMB1.4 billion and an uninvested amount of RMB1.0 billion. One of these projects is currently under sale with an absorption rate of 46.8%. During the sluggish period in China's property market, the future balance of funds in property development is susceptible to the progress of project construction and sales. We believe that the increasing investment in property-related commercial activities will bring higher business and financial risks to the Company.

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. From 2024 to 2025Q1, the Company received a total capital injection of RMB598.0 million from its shareholders. In addition, the Company received asset injections of RMB46.2 million and RMB54.8 million in special receivables from the Management Committee of Nanchang ETDZ. During the same period, the Company also received government subsidies totaling RMB324.3 million. 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.

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. Meanwhile, its total capitalization ratio has remained at a relatively high level, slightly increasing from 58.9% to 60.3% over the same period. 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.

Furthermore, the Company has certain contingent liability risks. As of 31 December 2024, its subsidiary, Ganjiang New Area Jinkai Financing Guarantee Co., Ltd., had an external guarantee amount of RMB314.2 million, accounting for 1.7% of its net assets, most of which are provided to private enterprises within Nanchang ETDZ. The operating conditions of the guaranteed enterprises vary considerably, exposing the Company to certain contingent liability risk.

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. Receivables mainly consist of unreceived project payments from the local government. Inventories are primarily the investment cost of agent construction projects, investment properties mainly comprise real estate buildings, and intangible assets mainly consist of land and parking lot use rights. Moreover, these assets show limited profitability, with leasable factories and other properties contributing small rental income.

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. As of 31 March 2025, the Company had obtained total credit facilities of RMB35.8 billion, with an available amount of RMB12.4 billion. In terms of bond financing, the Company continues to have

good access to the onshore and offshore bond market. During 2024, the Company issued 2 offshore bonds totaling USD254.0 million with coupon range from 5.25% to 7.0%, and 2 MTNs totaling RMB622.0 million with coupon rates ranging from 3.0% to 3.4%. In addition, the Company's exposure to non-standard financing is low, accounting for less than 10% of total debt as of 31 March 2025. 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.

ESG Considerations

The Company is exposed to environmental risks as it undertakes construction tasks for infrastructure, social housing, industrial parks, and factories. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the start of the projects, and close monitoring during the construction phase. NCJK's key operations are in material compliance with currently applicable national and local environmental, health and safety laws and regulations.

In terms of social awareness, the Company has played a crucial role in the social welfare of Nanchang ETDZ by undertaking social housing and municipal road construction projects. Demographic changes, public awareness, and social priorities shape the government's development strategy and will affect the government's propensity to support the Company.

NCJK's governance considerations are also material as the Company is subject to oversight by the Nanchang ETDZ Government and has to meet several reporting requirements, reflecting its public policy role and status as a government-owned entity.

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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