Zhanjiang Infrastructure Construction Investment Group Co., Ltd.

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	27 November 2026

Lianhe Ratings Global Limited ("Lianhe Global") has assigned 'A-' global scale Long-term Issuer Credit Rating to Zhanjiang Infrastructure Construction Investment Group Co., Ltd. ("ZICIG"); Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Zhanjiang City, Guangdong Province ("Zhanjiang government") would provide strong support to ZICIG if needed. This mainly considers its indirect vast majority ownership of ZICIG and ZICIG's strategic importance as an important local investment and development company ("LIDC") that is responsible for infrastructure development in Guangdong's Zhanjiang City. The linkage between the local government and ZICIG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to ensure ZICIG's business and financial viability in order to safeguard its reputation and financing activities.

Zhanjiang is a prefecture-level city in Guangdong Province, and a designated provincial sub-center city. Zhanjiang's GDP grew by 4.5% to RMB395.3 billion in 2025, while the Zhanjiang government's budgetary revenue reached RMB21.5 billion, representing a robust year-over-year growth of 6.9%.

The Stable Outlook reflects our expectation that ZICIG's strategic importance would remain intact while the Zhanjiang government will continue to ensure ZICIG's stable operation.

Rating Rationale

Government's Ownership and Supervision: The Zhanjiang State-owned Assets Supervision and Administration Commission ("Zhanjiang SASAC"), as the ultimate controller, indirectly holds 90% shares of ZICIG through Zhanjiang City Development Group Co., Ltd. ("ZCDG"), the largest LIDC by asset size in Zhanjiang. The remaining 10% shares are held by the Finance Department of Guangdong Province ("Guangdong FD"). The local government exercises tight oversight over the company, appointing its senior management and approving its strategic development plans, major investments, and key financing arrangements. Furthermore, ZICIG is subject to a formal performance evaluation framework established by the local government, alongside regular operational and financial reviews conducted by government-appointed auditors.

Strategic Alignment and Importance: ZICIG is an important LIDC responsible for project development in Zhanjiang, undertaking major infrastructure and public facility projects within the region. The company currently focuses on building supporting facilities for BASF's Verbund petrochemical site on Donghai Island, including industrial park roads, utility corridors, and industrial wastewater treatment. Developed and operated by the leading global chemical company, the site is a world-scale chemical production base central to Zhanjiang's green petrochemical strategy. ZICIG's operations and strategic direction are closely aligned with the local government's economic and social development plans.

Strong Government Support: ZICIG has received ongoing operational and financial support from the local government. The Zhanjiang government provided operational subsidies amounting to RMB374 million between 2023 and the first nine months of 2026. In addition, the local government has strengthened ZICIG's capital base through gratuitous

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

transfers of equity stakes in local SOEs. Given ZICIG's strategic importance, we believe it is likely to receive timely government support.

ZICIG's Financial and Liquidity Position: ZICIG's asset size increased steadily to RMB32.7 billion at end-September 2026 from RMB30.5 billion at end-2023, driven by ongoing capital expenditure in Zhanjiang's development projects. The expansion was primarily funded by debt, causing total debt to rise to RMB14.9 billion from RMB12.9 billion over the same period. Its financial leverage, as measured by debt to capitalization, was elevated to 55.0% from 51.3%. We expect ZICIG's capital expenditure pressure to remain high in the next 1-2 years, given the ongoing investment in BASF-related projects.

ZICIG's short-term debt servicing pressure is moderately high. At end-September 2026, the company held unrestricted cash of RMB2.6 billion, compared to RMB4.0 billion of short-term debt. Nevertheless, ZICIG maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations and debt repayment. As of end-September 2026, ZICIG and its parent ZCDG had total consolidated bank facilities of RMB44.7 billion, of which RMB25.3 billion was unused.

Rating Sensitivities

We would consider downgrading ZICIG's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the local government's ownership of ZICIG, or (3) there is a downgrade in our internal credit assessment on the Zhanjiang government.

We would consider upgrading ZICIG's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Zhanjiang government.

Operating Environment

Economic Condition of Zhanjiang

Zhanjiang's Economic Condition (RMB billion)	2023	2024	2025
GDP	382.9	383.0	395.3
-Primary industry (%)	18.4	19.1	18.6
-Secondary industry (%)	33.7	32.2	32.6
-Tertiary industry (%)	47.9	48.7	48.8
GDP growth rate (%)	3.1	1.2	4.5
Fixed asset investment growth rate (%)	3.2	-11.3	-13.0
Population (million)	7.08	7.12	7.12

Source: Statistical Bureau of Zhanjiang and Lianhe Global's calculations

Zhanjiang is a prefecture-level city in southwestern Guangdong Province, serving as a provincial sub-center city. Strategically located at the junction of Guangdong, Hainan, and Guangxi with a natural deep-water port, the city is anchored by industrial clusters in steel and petrochemicals. Zhanjiang maintained GDP growth over the past three years, expanding to RMB395.3 billion in 2025 from RMB382.9 billion in 2023, with the growth rate rebounding to 4.5% in 2025 after slowing to 1.2% in 2024. However, fixed asset investment contracted in 2024 and 2025, primarily weighed down by sustained contractions in property development, alongside reduced infrastructure spending in 2024 and weaker industrial investment in 2025.

Fiscal Condition of Zhanjiang

Zhanjiang's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	15.6	16.5	21.5
Budgetary revenue growth rate (%)	13.6	6.0	6.9
Tax revenue	9.0	8.8	13.1
Tax revenue (% of budgetary revenue)	58.1	53.0	61.0
Government fund income	6.1	5.0	6.5
Transfer payment	45.6	43.2	48.5
Aggregate revenue	**68.1**	**64.8**	**76.6**
Budgetary expenditure	54.5	53.6	56.8
Budget balance[1] (%)	-250.4	-224.9	-164.2
Government debt ratio (%)	163.7	198.1	196.4

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Finance Bureau of Zhanjiang and Lianhe Global's calculations

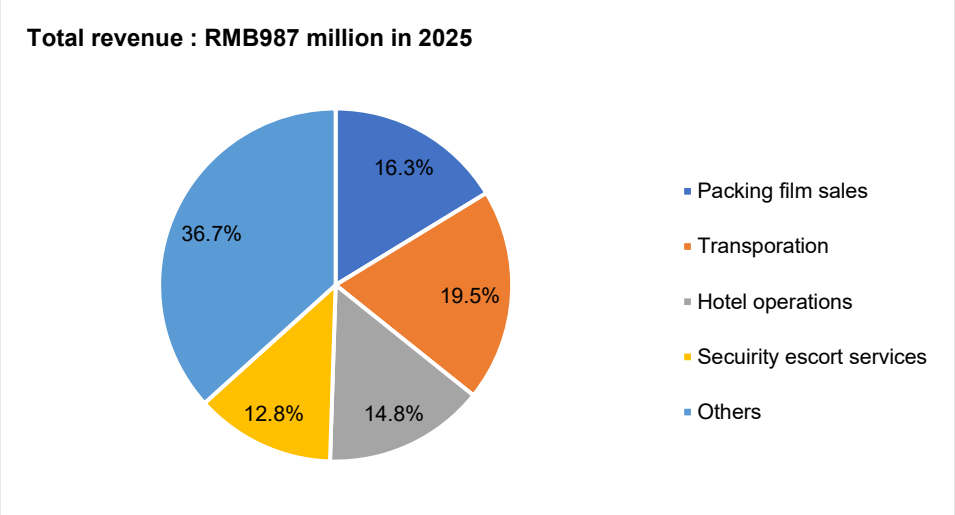
The Zhanjiang government's budgetary revenue growth moderated from 13.6% in 2023 to 6.0% in 2024 before edging up to 6.9% in 2025. The revenue scale ranked 10th among Guangdong's 21 prefecture-level cities. The Zhanjiang government's fiscal self-sufficiency improved, with the budget deficit narrowing to 164.2% in 2025 from 250.4% in 2023. The Zhanjiang government's outstanding debt rose to RMB150.4 billion at end-2025 from RMB111.4 billion at end-2023, mainly driven by the issuance of special-purpose bonds to support industrial parks, transportation infrastructure, land reserves, and public facilities projects.

Company Profile

Ownership Structure

ZICIG was established in 2003 by the Zhanjiang government under its former name, Zhanjiang Infrastructure Construction Investment Co., Ltd., with registered capital of RMB110 million. Following a series of capital injections and equity transfers, its paid-in capital increased to RMB2.0 billion by end-September 2026. The Zhanjiang SASAC, the company's actual controller, held a 90% stake through ZCDG, while the Guangdong FD held the remaining 10%.

Revenue Breakdown



Source: The company and Lianhe Global's calculations

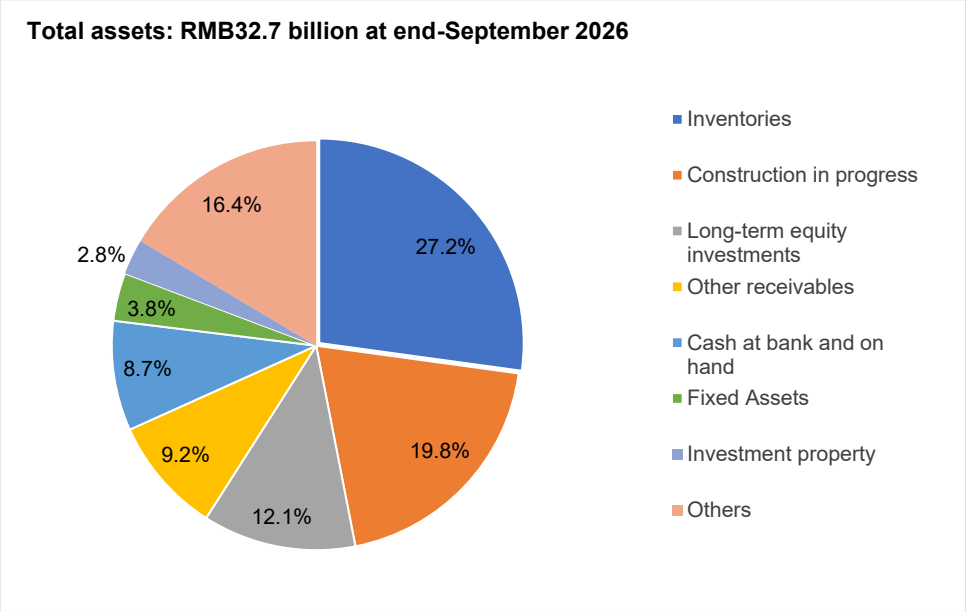
ZICIG is an important infrastructure development entity in Zhanjiang. The company undertakes major urban infrastructure and public facility projects within the region. It also engages in commercial businesses such as transportation, packaging film sales, hotel operations, and security escort services. The company's revenue increased to RMB987 million in 2025 from RMB856 million in 2023, with the gross margin improving to 21.7% from 13.4%. In the first nine months of 2026, the company realized revenue of RMB702 million, while the gross margin further increased to 26.3%.

ZICIG holds a strong regional franchise in Zhanjiang's infrastructure construction sector, operating under agency construction and self-development models. Legacy government-entrusted projects (with no new additions since 2016) are winding down, though delayed settlements have left substantial development costs tied up in inventory. The company now centers on self-development, anchored by supporting infrastructure for BASF's EUR8.7 billion Verbund petrochemical site on Donghai Island, one of China's largest wholly foreign-owned petrochemical investments.

ZICIG's supporting project includes industrial park roads, utility corridors, and industrial wastewater treatment, with a total planned investment of RMB9.7 billion, of which RMB5.2 billion had been invested by end-2025. The project is funded through fiscal allocations and project loans from policy banks. Although the company plans to balance funding by operating ancillary commercial properties post-completion, it still faces significant capital expenditure pressure and a protracted payback period.

Beyond infrastructure construction, ZICIG operates road transportation, goods sales, and other commercial businesses. As the largest state-owned road transport operator in western Guangdong, the company ran 189 routes covering 31 cities and counties across three provinces at end-2025, with segment revenue edging down to RMB161 million in 2025. Packaging film, primarily to provincial tobacco companies, grew to RMB161 million at a 25.1% gross profit margin. Hotel operations and security and escort services provide additional supplementary revenue.

Assets Breakdown



Source: The company and Lianhe Global's calculations

ZICIG's asset liquidity is moderate, as project related assets, including fixed assets, construction in progress, inventories (mainly construction costs), and investment properties (completed self-developed projects) collectively accounted for 53.5% of the company's total assets. In addition, the company carried sizable other receivables, mainly due from local government agencies and other local SOEs without specified collection schedules. ZICIG also held equity stakes in local financial institutions intended for long-term holding.

Key Financial Data

(RMB million)	2023	2024	2025	2026.9
Total Assets	30,502	32,117	31,872	32,741
Equity	12,281	12,416	12,470	12,221
Debt	12,943	14,225	13,881	14,946
Debt/(Debt + Equity) (%)	51.3	53.4	52.7	55.0
Unrestricted Cash/ST Debt (x)	0.4	0.8	0.4	0.7
Debt/EBITDA (x)	37.2	31.2	30.4	-
Revenue	856	852	987	702
Gross Margin (%)	13.4	16.0	21.7	26.3
Cash from sales or services/ revenue (%)	102.3	135.9	107.0	88.7

Source: The company and Lianhe Global's calculations

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