



CCXAP assigns Shangrao Investment Holding Group Co., Ltd. long-term credit rating at BBB_g+, with stable outlook

Hong Kong, 31 December 2019 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned the long-term credit rating of Shangrao Investment Holding Group Co., Ltd. at BBB_g+. The rating outlook is stable.

Rating Rationale

The BBB_g+ long-term credit rating of Shangrao Investment Holding Group Co., Ltd. (“SRIHG” or the “Company”) is underpinned by the Company’s (1) proven track record of support from the Shangrao government; (2) dominant position in public welfare and utility businesses in Shangrao City; (3) increasing operating profit; and (4) good financing ability and smooth funding channels. The rating is constrained by the Company’s (1) capital expenditure pressure from sizeable number of projects under construction or planning; (2) weak cash generation capability; and (3) weakened credit profile.

Rating Outlook

The stable outlook on SRIHG’s rating reflects its strategic importance to Shangrao City as it is the largest state-owned enterprise under Shangrao SASAC’s control. The outlook also incorporates our expectation that SRIHG will continue to receive solid support from Shangrao SASAC and benefit from the ongoing economic development of Shangrao City

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strengths of Shangrao City improve noticeably; or (2) the Company receives stronger support from upper level government.

What could downgrade the rating?

The rating could be downgraded if (1) Shangrao City’s credit quality deteriorates; (2) likelihood of support from Shangrao City declines; or (3) the importance of SRIHG to Shangrao City weakens; or (4) the Company’s standalone credit profile weakens significantly.

Rating Methodology

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means. Methodology used in this rating is the Rating Methodology for China's Local Government Financing Vehicles dated June 2017, available at www.ccxap.com (Rating Methodologies).

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CCXAP has distributed and disclosed this solicited credit rating report to the rated entity prior to the publication date.

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