

Credit Opinion

30 June 2026

Ratings

Senior Unsecured Debt Rating	BBB _g +
Long-Term Credit Rating	BBB _g +
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Shangrao City Construction Investment Development Group Company Limited

Surveillance credit rating report

CCXAP affirms Shangrao City Construction Investment Development Group Company Limited's long-term credit rating at BBB_g+, with stable outlook.

Summary

The BBB_g long-term credit rating of Shangrao City Construction Investment Development Group Company Limited ("SCID" or the "Company") reflects Shangrao Municipal Government's (1) very strong capacity to provide support, and (2) very high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the Shangrao Municipal Government's capacity to provide support reflects its economic importance in Jiangxi Province, with ongoing economic and fiscal growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) key role in infrastructure construction and land development in Shangrao City; (2) good track record of receiving government support; and (3) diversified funding channels.

However, SCID's rating is constrained by its (1) medium exposure to commercial activities; (2) moderate debt level with improved debt structure; and (3) relatively weak asset liquidity.

The stable outlook on SCID's rating reflects our expectation that the Company will maintain its important role in infrastructure construction and other public welfare activities in Shangrao City and will continue to receive government support over the next 12 to 18 months.

Rating Drivers

- Key role in infrastructure construction and land development in Shangrao City
- Medium exposure to commercial activities
- Good track record of receiving government support
- Moderate debt level with improved debt structure
- Relatively weak asset liquidity
- Diversified funding channels

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as decrease in exposure to commercial activities, or improvement in debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local 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 decrease in its strategic significance, decrease in government payments, or increase in exposure to commercial activities.

Key Indicators

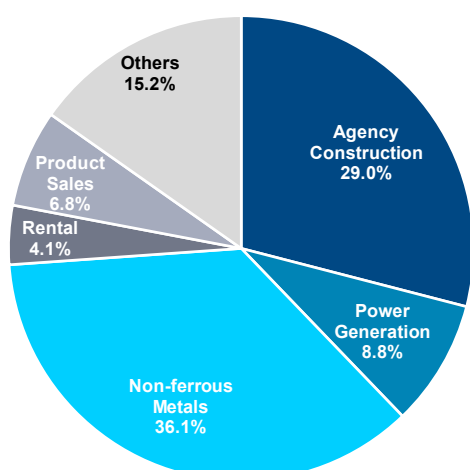
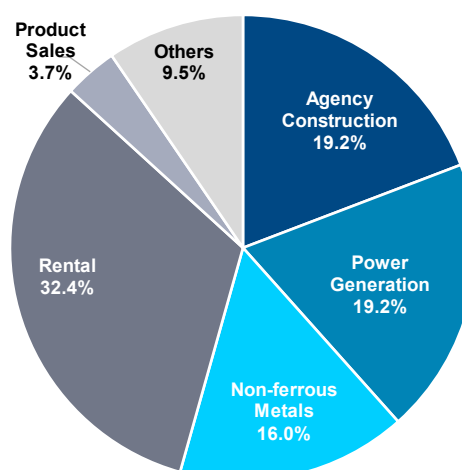
	2023FY	2024FY	2025FY	2026Q1
Total Asset (RMB billion)	126.9	178.7	184.1	186.0
Total Equity (RMB billion)	45.8	93.1	91.7	91.8
Total Revenue (RMB billion)	5.8	5.1	5.2	1.4
Total Debt/Total Capital (%)	60.4	42.4	42.0	42.3

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

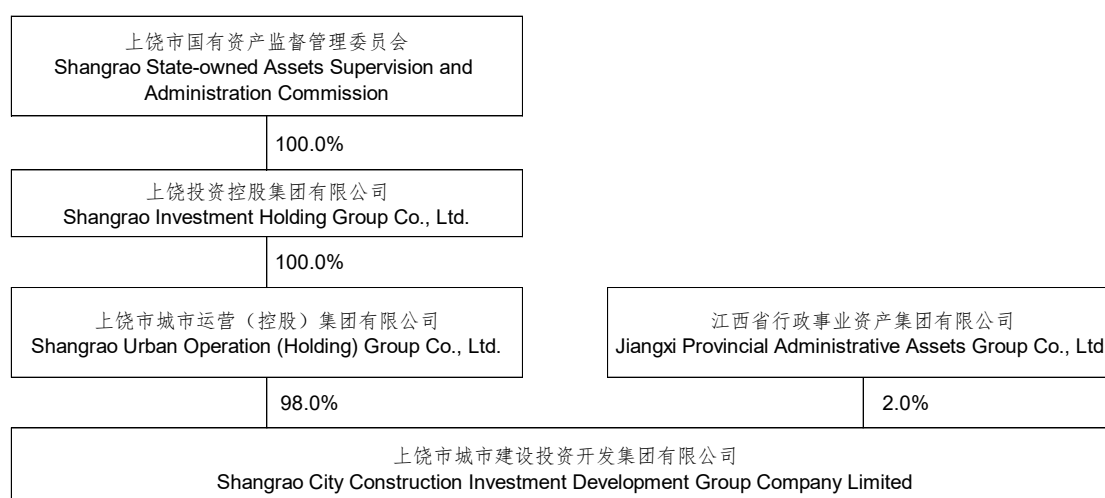
Source: Company data, CCXAP research

Corporate Profile

Established in 2002, SCID is an important local infrastructure investment and financing company in Shangrao City. The Company is mainly engaged in infrastructure construction, land development, resettlement housing construction, as well as commercial businesses including aluminum production and trading, self-operated project construction, power generation, agricultural reclamation resource leasing, product sales, hotel management and expressway operation in Shangrao City. As of 31 March 2026, Shangrao Urban Operation (Holding) Group Co., Ltd. ("SUOG") held 98.0% of the Company's shares, while Jiangxi Provincial Administrative Assets Group Co., Ltd. held the remaining 2.0%. Shangrao State-owned Assets Supervision and Administration Commission ("Shangrao SASAC") was its ultimate controller.

Exhibit 1. Revenue structure in 2025**Exhibit 2. Gross profit structure in 2025**

Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 31 March 2026

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Shangrao Municipal Government has a strong capacity to provide support for the Company, given its economic importance in Jiangxi Province, with ongoing economic and fiscal growth.

Jiangxi Province is located in the central-southeastern China, along the southern bank of the middle and lower reaches of the Yangtze River. The province is rich in non-ferrous metal resources, and has formed national advanced manufacturing clusters such as copper-based new materials and rare earth new materials and application. Its pillar industries also include electronic information, equipment manufacturing, and new energy. Its economic strength improved steadily with gross regional product ("GRP") increasing by 5.2% year-over-year ("YoY") to RMB3.6 trillion, ranking 15th among all provinces in China. In the first quarter of 2026, Jiangxi Province achieved a GRP of RMB857.4 billion, with a YoY growth of 5.0%, rising to 14th place nationally. Its general budgetary revenue rose slightly from RMB306.7 billion in 2024 to RMB307.9 billion in 2025, with tax income accounting for approximately 64.6% of the general budgetary revenue over the past three years, reflecting

moderate fiscal stability. However, Jiangxi Province faces a relatively heavy debt burden. In 2025, its government debt reached RMB1.7 trillion, accounting for around 48.4% of its GRP.

Shangrao City is located in the Yangtze River Delta Economic Area. As an important transport hub in China, Shangrao City has a convenient and advanced transportation network connecting major cities in China. Shangrao City has built its industrial structure around the “2+4+N” framework, with non-ferrous metals and photovoltaic new energy as its leading industries, and electronic information, non-metallic materials, automobiles, and machinery manufacturing as its key sectors. Supported by its pillar industries, the economic strength of Shangrao City continued to grow in the past year. In 2025, Shangrao City recorded a GRP of RMB393.6 billion, ranking the 4th among 11 prefecture-level cities in Jiangxi Province, with a solid economic growth rate of 5.6%. In the first quarter of 2026, Shangrao City achieved a GRP of RMB91.0 billion, increasing by 3.8% YoY. With the ongoing development of the regional economy, Shangrao City’s fiscal income has also increased. In 2025, its general budgetary revenue increased to RMB28.9 billion with tax income accounting for 66.6% of the general budgetary revenue, indicating moderate fiscal stability. However, the fiscal balance of Shangrao City is still weak, as its fiscal balance ratio was 35.3% in 2025, indicating high reliance on land market proceeds and transfer payments from higher-level governments. During the same period, Shangrao City had an outstanding direct government debt balance of RMB181.9 billion, accounting for 46.2% of Shangrao City’s GRP. The local government debt scale is expanding at a relatively fast pace, and the overall regional debt pressure is relatively high taking into account the debt burden of local state-owned enterprises (“SOEs”).

Exhibit 4. Key economic and fiscal indicators of Shangrao City

	2023FY	2024FY	2025FY
GRP (RMB billion)	340.2	372.1	393.6
GRP Growth (%)	6.7	5.7	5.6
General Budgetary Revenue (RMB billion)	27.1	28.2	28.9
General Budgetary Expenditure (RMB billion)	81.5	83.4	81.9
Local Government Debt (RMB billion)	132.8	157.1	181.9

Source: Statistics Bureau of Shangrao City, CCXAP research

Government’s Willingness to Provide Support

Key role in infrastructure construction and land development in Shangrao City

There are four main state-owned assets operation entities in Shangrao City, each with a clearly defined role in regional development. As a key subsidiary of SUOG and core infrastructure construction entity in Shangrao City, SCID has played a vital and proactive role in the implementation of the local government’s key strategic initiatives for urban planning and municipal construction by undertaking a series of infrastructure and resettlement housing construction as well as land development projects in the region. Given its essential role in regional development, we believe that the Company is unlikely to be replaced by other local SOEs in the foreseeable future.

SCID’s public services are mainly carried out under the agency construction model, where it undertakes projects in infrastructure, resettlement housing, and land development. The Company holds a dominant market position with strong business competitiveness in these areas within Shangrao City. Given that the urbanization of Shangrao City has reached a mature stage, we expect the number of infrastructure construction projects of the Company will gradually decrease. At the same time, the Company continues to face capital expenditure pressure from ongoing projects, combined with slow repayment progress.

SCID primarily engages in infrastructure construction operations through the agency construction model. The Company is responsible for road, schools, flood control landscaping projects and other construction tasks in the urban area of Shangrao City. As of 31 December 2025, the Company had 6 projects under construction with a gross investment amount of RMB6.3 billion and an uninvested amount of RMB2.1 billion. The Company also had 11 infrastructure construction projects under planning with an estimated investment of RMB5.6 billion. Although the future investment amount is relatively large, funds from policy banks and special government bonds can partially alleviate the Company's capital expenditure pressure.

SCID also undertakes resettlement housing projects, which are carried out through a combination of agency construction agreements with the local government and government-subsidized sales to designated relocated households. As of 31 December 2025, the Company had 15 resettlement housing projects under construction, with a total estimated investment amount of RMB11.8 billion and an uninvested amount of RMB3.8 billion, indicating relatively large capital expenditure pressure. However, the Company has no proposed resettlement housing project, indicating that the business sustainability is moderate. Furthermore, despite an invested amount of RMB8.0 billion and recognized revenue of RMB5.0 billion, the Company has only received RMB2.0 billion in repayments from this business. Many of the resettlement housing units have not yet been placed on the market, resulting in a low sales rate and a long capital recovery cycle, which exposes the Company to fiscal balance risk.

In addition, SCID is the primary government-authorized land development entity in Shangrao City. As of 31 December 2025, the Company had invested RMB28.1 billion into 4 land development projects with a collected payment of only RMB2.0 billion, indicating slow progress of project repayments. In addition, the Company has no land development projects under planning, suggesting relatively weak business sustainability.

Medium exposure to commercial activities

SCID also participates in commercial activities, such as production and trading of aluminum, self-operated project construction, power generation and agricultural reclamation resource leasing. These market-driven businesses represented approximately 40% of the Company's total assets. We consider the Company's exposure to commercial businesses to be medium, as most of these businesses provide stable income and reasonable returns, and some operations are closely linked to Shangrao's urban development with a public welfare nature.

SCID engages in aluminum production and trading business via its subsidiary Fujian Minfa Aluminum Co Ltd ("Minfa Aluminum", stock code: 002578.SZ), which serves as the Company's major revenue contributor. The Company adopts an appropriate hedging strategy to mitigate aluminum price volatility through futures contracts. Minfa Aluminum's products are mainly sold domestically, accounting for 92.0% of total sales in 2025. Its downstream customer base is relatively diversified, with the top 5 customers accounting for 17.7% of total sales, while upstream supplier concentration remains high, with the top 5 suppliers representing 80.4% of total procurement in 2025. Due to intensified competition in the aluminum processing industry, sluggish downstream demand recovery, and aluminum price fluctuations, Minfa Aluminum's revenue decreased from RMB2.2 billion in 2024 to RMB1.9 billion in 2025, accounting for 36.1% of the Company's total revenue. Its gross profit margin declined from 5.7% in 2024 to 4.9% in 2025, and it recorded a net loss of RMB29.6 million, the first net loss since listing. Nevertheless, in the first quarter of 2026, Minfa Aluminum achieved revenue of RMB360.0 million, up 20.3% YoY, and net profit of RMB10.6 million, surging 409.5% YoY, driven by its expansion into new energy sectors and growth in export business.

SCID also had some self-operated construction projects, such as hotel and port terminal. As of 31 December 2025, the Company mainly had 3 self-operated construction projects under construction with a total investment of RMB4.5 billion and an outstanding amount of RMB1.4 billion. The Company is expected to achieve fund balancing through future operating income, such as leasing income. However, the investment recovery cycle is long, making it more difficult to achieve fund balancing in a short period of time. Meanwhile, project construction funding mainly comes from bank loans and self-financing, and the relatively large scale of investment will bring more pressure on the capital expenditure of the Company.

SCID engages in energy and environmental sector through its subsidiaries, which consist of two main businesses, photovoltaic power generation and waste treatment & power generation. In terms of photovoltaic power generation, as of 31 March 2026, the Company's photovoltaic power stations were mainly located in 4 districts and counties near Shangrao City, with a total installed capacity of 256.6 MW. However, the revenue contribution of this segment remained relatively low, accounting for 5.7% of total revenue in 2025. Besides, this business segment is highly reliant on government subsidies and related policies for its revenue. The Company received a total of RMB398.0 million in government subsidies from 2023 to 2025. In terms of waste treatment & power generation, it generated RMB161.4 million in 2025 and RMB34.4 million in 2026Q1, respectively, supplementing the Company's income.

In addition, the Company expanded its business scope to agricultural reclamation resource leasing following the injection of Shangrao State-owned Farm Industry Investment and Development Co., Ltd. ("SSTI") by the local government. SSTI engages in the investment and development of agricultural and forestry resources, as well as leasing of agricultural reclamation resources. It generated operating income of RMB190.1 million and net income of RMB115.0 million in 2025. As of end-2025, the Company had 1 project under construction, with a total estimated investment amount of RMB1.2 billion and an uninvested amount of RMB23.0 million.

The Company also involved in product sales, hotel management, property sales, expressway operation, and property management businesses. These businesses contribute modestly to the Company's total revenue due to their relatively small operational scale.

Good track record of receiving government support

SCID has a good track record of receiving support from the local government and shareholders, including capital injections, asset transfers, project payments and subsidies, which have significantly strengthened the Company's capital base and operational capabilities. For example, the local government has transferred pipe networks, real estate properties, and equity interests of SOEs such as SSTI to the Company. In 2025, the Company received an asset injection of RMB3.5 million. The local government also regularly provides subsidies to the Company to support its business operations. From 2023 to 2025, the Company received a total of RMB2.1 billion in subsidies. Besides, the local government has provided payments for infrastructure construction, land development and resettlement housing projects to the Company. As of 31 December 2025, the Company had received total project payments of RMB8.9 billion, but there is still a relatively large amount of outstanding receivables, resulting in capital tie-up. Given its essential position in infrastructure construction in Shangrao City, we believe that the local government will continue to provide support to the Company.

Moderate debt level with improved debt structure

SCID's debt structure improved slightly, though its debt burden remained at moderate level. Its adjusted total debt decreased slightly from RMB68.4 billion at end-2024 to RMB67.3 billion at end-2026Q1, while the total capitalization ratio dropped from 42.4% to 42.3% over the same period. Meanwhile, the short-term debt to total

debt ratio slightly improved from 33.4% to 30.8%, and the cash to short-term debt ratio increased to 0.2x from 0.1x, indicating continued but somewhat eased short-term debt-servicing pressure. Considering the substantial capital expenditure requirements and slow repayment from its extensive pipeline of construction projects, we expect that the Company's total debt to remain under pressure as it continues to rely on external financing to support its investment needs.

Besides, SCID has low exposure to external guarantees. As of 31 March 2026, the Company's external guarantees amounted to RMB3.5 billion, accounting for about 3.8% of its net assets. However, guarantees for Shangrao county-level SOEs reached RMB2.1 billion, accounting for 60.6% of total external guarantees. We consider the Company's contingent liability risk manageable, as all guarantees were extended to local SOEs, which carry relatively low credit risk.

Relatively weak asset liquidity

SCID's assets are primarily composed of inventory, receivables, and other non-current assets, all of which exhibit relatively low liquidity. As of 31 March 2026, these assets accounted for 75.2% of total assets. Inventory mainly consists of infrastructure construction costs, while receivables primarily comprise uncollected project payments from the local government and SOEs, as well as on-lending loans to county-level SOEs. Other non-current assets are mainly agricultural reclamation resources held by SSTI, which provide supplementary rental income. Overall, the relatively weak asset liquidity may undermine the Company's financial flexibility. In addition, as of 31 March 2026, the amount of restricted assets was RMB18.3 billion, accounting for 9.8% of total assets.

Diversified funding channels

SCID has a diversified range of financing channels, including bank borrowings, bond financing, and non-standard financing. As of 31 March 2026, it had obtained total credit facilities of RMB47.8 billion from diversified policy banks and major domestic commercial banks, with an available amount of RMB19.1 billion, indicating sufficient standby liquidity. Furthermore, the Company has a track record of fund-raising activities in both onshore and offshore debt capital markets, accounting for around 41.4% of its total debt as of 31 March 2026. From January 2025 to May 2026, the Company issued 12 domestic bonds, including corporate bonds, MTNs, SCPs, and PPNs, with a total issuance amount of RMB9.9 billion. The Company also had 2 offshore bonds outstanding with a total amount of USD97.0 million as of 31 May 2026. The large amount of outstanding bonds brings certain refinancing pressure to the Company as it is susceptible to changes in the capital market. In addition, the Company has medium exposure to non-standard financing, which accounted for 19.6% of its total debt at end-2026Q1.

ESG Considerations

SCID faces environmental risks in its infrastructure construction and waste-to-energy businesses. These risks can be mitigated through conducting comprehensive environmental impact assessments and formulating meticulous project plans before commencing construction, as well as implementing stringent supervision during the construction phase.

From a social perspective, SCID has made significant contributions to the social well-being of Shangrao City through its participation in waste-to-energy and sewage treatment businesses.

Regarding corporate governance, SCID's governance factors are of considerable importance. As a government-owned enterprise, the Company is subject to strict oversight by the local government and must comply with relevant reporting requirements, underscoring its role in fulfilling public policy objectives.

Structural Consideration

The rating of the senior unsecured bonds is equivalent to SCID's long-term credit rating. We believe that government support will flow through the Company given its important role in infrastructure construction and land development in Shangrao City, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Appendix

Exhibit 5. Peer Comparison

	Shangrao City Construction Investment Development Group Company Limited	Shangrao Urban Operation (Holding) Group Co., Ltd.
Long-Term Credit Rating	BBB _g +	BBB _g +
Shareholder	Shangrao Urban Operation (Holding) Group Co., Ltd. (98%); Jiangxi Provincial Administrative Assets Group Co., Ltd. (2%)	Shangrao Investment Holding Group Co., Ltd.
Positioning	Responsible for infrastructure construction, land development, resettlement housing construction in Shangrao City	One of the four state-owned assets operation entities in Shangrao City; Responsible for infrastructure construction, land development, resettlement housing construction in Shangrao City
Total Asset (RMB billion)	184.1	189.1
Total Equity (RMB billion)	91.7	95.0
Total Revenue (RMB billion)	5.2	5.3
Total Debt/Total Capital (%)	42.0	44.3

All ratios and figures are calculated using CCXAP's adjustments based on 2025FY financials.

Source: Company data, CCXAP research

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