

CCXAP assigns first-time long-term credit rating of A_g- to Guangxi Modern Logistics Group Co., Ltd., with stable outlook.

Hong Kong, 30 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of A_g- to Guangxi Modern Logistics Group Co., Ltd. (“GMLG” or the “Company”), with stable outlook.

The A_g- long-term credit rating of GMLG reflects the Company’s (1) strong market position in the commodity trading and warehouse logistics sectors of Guangxi Zhuang Autonomous Region; (2) relatively diversified business portfolio to mitigate business risks and revenue volatility; and (3) good access to external funding channels. However, the rating is constrained by the Company’s (1) large capital expenditure pressure from self-operated projects; (2) high debt leverage and high short-term repayment pressure; and (3) moderate credit metrics.

The rating also reflects moderate support from the Guangxi Zhuang Autonomous Region Government, when necessary, which is based on the Company’s (1) ultimate control by the local government; (2) strategic importance in economic and social development in Guangxi Zhuang Autonomous Region; and (3) good track record of receiving ongoing government support.

Corporate Profile

Founded in 2021 and formerly known as Guangxi Materials Group Co., Ltd., GMLG is an important state-owned enterprise in the Guangxi Zhuang Autonomous Region. Consolidating the regional logistics resources, the Company mainly engages in supply chain and recyclable materials trading business, electromechanical business, technical service business, and resource investment business. As of 30 June 2025, the State-owned Assets Supervision and Administration Commission of Guangxi Zhuang Autonomous Region (“Guangxi SASAC”), the ultimate controller of GMLG, directly held 52.6% of the Company’s shares. The remaining shares were held by 4 state-owned enterprises, namely Guangxi Communications Investment Asset Management Co., Ltd., Guangxi Aluminum Industry Group Co., Ltd., Shiyiye Construction Group Co., Ltd., and Guangxi Industrial Investment Capital Operation Group Co., Ltd.

Rating Rationale

Credit Strengths

Strong market position in commodity trading and warehouse logistics sectors of Guangxi Zhuang Autonomous Region. Supported by its solid industrial base and scale advantage, GMLG has a strong market position in the commodity trading and warehouse logistics sectors of Guangxi Zhuang Autonomous Region, which is rich in a variety of essential minerals. The Company ranked 38th in 2025 on the Top 50 Chinese Logistics Enterprises list in terms of sales revenue and was the only enterprise in Guangxi Zhuang Autonomous Region on the list. GMLG is also the largest commodity trading company in the Guangxi Zhuang Autonomous Region, and its scrap steel trading business scale ranks 2nd in China.

Relatively diversified business portfolio to mitigate business risks and revenue volatility.

In addition to core commodity trading and warehouse logistics businesses, the Company also engages in electromechanical business, technical service business, and resource investment business. We believe that the Company can diversify its business risks and mitigate revenue volatility through the synergistic operation of its multiple business segments, which is credit positive.

Good access to external funding channels. The Company has maintained good relationships with large financial institutions. Moreover, the Company also has good access to onshore debt capital markets. Given the Company's state-owned provincial enterprise background, it is expected that its financing channels will remain smooth in the future.

High likelihood of support from the local Government. We expect GMLG to have a high likelihood of receiving support from the local government, when necessary, which is based on the Company's (1) ultimate control by the local government; (2) strategic importance in economic and social development in Guangxi Zhuang Autonomous Region; and (3) good track record of receiving ongoing government support.

Credit Challenges

Large capital expenditure pressure from self-operated projects. GMLG faces large capital expenditure pressure from self-operated projects, with an estimated total investment amount of RMB10.8 billion and an outstanding amount of RMB10.7 billion as of 30 June 2025. The projects are funded by self-raised funds, which exert large future capital pressure to the Company. However, the capital expenditure pressure will be partially alleviated by the Company's strong financing capability.

High debt leverage and short-term repayment pressure. The Company's total debt increased from RMB16.3 billion at end-2022 to RMB19.6 billion at mid-2025. Coupled with increasing non-controlling interest and equity transfer from the government, its total capitalization ratio rose slightly from 67.9% to 69.0% during the same period. The Company also has high short-term debt repayment pressure, with its short-term debt ratio increasing from 61.3% to 65.9% during the same period. The large amount of short-term debt has exerted high short-term repayment pressure on the Company.

Moderate credit metrics. GMLG's debt servicing capability is relatively weak, with its total debt/EBITDA ratio deteriorating from 17.3x at end-2022 to 20.8x at end-2025H1. Moreover, its cash flow-to-debt coverage capability is also weak, with funds from operations ("FFO") of RMB1.2 billion in 2024, accounting for 6.2% of total debt at end-2024. Given the Company's large expenditure pressure from the construction projects in the pipeline, we expect that its debt leverage will remain at a relatively high level in the next 12 to 18 months.

Rating Outlook

The stable outlook on GMLG's rating reflects our expectation that the Company will maintain strong competitiveness in the commodity trading and warehouse logistics sectors, and it will receive ongoing support from the local government for the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of government support for the Company strengthens; and (2) the Company's stand-alone credit profile improves significantly, such as an improvement in debt structure and leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of government support for the Company decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in debt leverage or liquidity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

Regulatory Disclosures

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