

## **CCXAP assigns first-time long-term credit rating of A<sub>g</sub>- to Sanya Investment Construction Operation Group Co., Ltd., with stable outlook.**

Hong Kong, 29 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A<sub>g</sub>- to Sanya Investment Construction Operation Group Co., Ltd. (“SUCG” or the “Company”), with stable outlook.

The A<sub>g</sub>- long-term credit rating of SICG reflects Sanya Municipal Government’s (1) very strong capacity to provide support, and (2) extremely high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Sanya City’s capacity to provide support reflected by its policy advantages of the free trade port and its abundant tourism resources, with ongoing economic and fiscal growth as well as good fiscal balance.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) position as the sole urban comprehensive operator in Sanya City with strong regional exclusivity; and (2) good track record of receiving support from the local government. However, the rating is constrained by the Company’s (1) moderate debt leverage; and (2) weak asset liquidity.

### **Corporate Profile**

Established in June 2024, the Company has been positioned as Sanya’s sole urban comprehensive operator, primarily engaged in infrastructure and affordable housing construction, urban renewal, property leasing and management, engineering construction, and building material products sales, sanitation, and landscaping. As of 31 March 2025, the Company is wholly owned and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Sanya Municipal Government (“Sanya SASAC”).

### **Rating Rationale**

#### **Credit Strengths**

**Sole urban comprehensive operator in Sanya City with strong regional exclusivity.** As the sole urban comprehensive operator in Sanya City, the Company undertakes infrastructure development and affordable housing construction in the region. It plays a vital role in delivering various public infrastructure projects in Sanya City, including schools, hospitals, roads, and environmental improvement projects, with great contributions to local urban and social development.

**Good track record of receiving support from the local government.** As a key urban development entity directly controlled by Sanya SASAC, the Company undertakes major infrastructure construction and public housing projects in Sanya City according to municipal government plans, with both its equity structure and business operations being highly linked to the municipal government. The government also provides substantial support, including capital and asset injections as well as fiscal subsidies.

### Credit Challenges

**Moderate debt leverage.** Due to the transfer out of a subsidiary and the repayment of debts, SUCG's debt scale has decreased over the past three years. The Company's adjusted total debt decreased from RMB34.6 billion at end-2023 to RMB29.1 billion at end-2025Q1, with a moderate total capitalization ratio of 47.6%.

**Weak asset liquidity.** The Company's asset liquidity is weak, which may undermine its financing flexibility. The total assets mainly consist of long-term receivables and other non-current assets, totally accounting for 81.7% of total assets at end-2025Q1.

### Rating Outlook

The stable outlook on SUCG's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic position in the development of Sanya City for the next 12 to 18 months.

#### What could upgrade the rating?

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

#### What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in debt burden.

### Rating Methodology

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

### Regulatory Disclosures

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