

CCXAP affirms Shangrao Urban Operation (Holding) Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 30 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed long-term credit rating of Shangrao Urban Operation (Holding) Group Co., Ltd. (“SUOG” or the “Company”) at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating of BBB_g+

The BBB_g+ long-term credit rating of SUOG 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) role as the pivotal comprehensive urban operation service provider in Shangrao City; (2) good track record of receiving government support; and (3) access to diversified financing channels. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) high debt leverage with relatively large short-term debt pressure; and (3) moderate asset quality.

Corporate Profile

Established in 2020, SUOG is one of the most important local infrastructure investment and financing companies in Shangrao City. The Company is mainly responsible for urban infrastructure construction, resettlement housing construction and land development in Shangrao City, as well as commercial businesses such as aluminum production and trading, electricity generation, public transportation operations, and agricultural resource leasing. As of 31 March 2026, the State-owned Assets Supervision and Administration Commission of Shangrao City was the ultimate controller of the Company, holding 100% shares of the Company through Shangrao Investment Holding Group Co., Ltd..

Rating Rationale

Credit Strengths

Pivotal comprehensive urban operation service provider in Shangrao City. As a leading infrastructure construction entity and an essential comprehensive urban operation service provider in Shangrao City, SUOG has proactively driven the implementation of the local government’s key strategic plans 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 critical role in regional development, we believe that the Company will not be easily replaced by other state-owned enterprises in the foreseeable future.

Good track record of receiving government support. SUOG has a solid 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. Given SUOG's critical strategic role in the region, we expect the Company to continue receiving government support in the future.

Access to diversified financing channels. SUOG has a diversified range of financing channels, including bank borrowings, bond financing, and non-standard financing. As of 31 December 2025, it had obtained total credit facilities of RMB51.8 billion from diversified policy banks and major domestic commercial banks, with an available amount of RMB18.4 billion, indicating sufficient standby liquidity. As of 31 December 2025, around 38.4% of the Company's debt was provided by the debt capital market.

Credit Challenges

Medium exposure to commercial activities. SUOG also engages in commercial activities, including production and trading of aluminum, electricity generation, public transportation operation, expressway operation, agricultural resource leasing, self-operated projects construction, product sales, property sales, and hotel management businesses, accounting for around 40% of its total assets. We consider the Company's exposure to commercial businesses to be medium as most of the commercial businesses provide stable income and reasonable profit to the Company. In addition, some market-oriented businesses are closely related to the urban development of Shangrao City.

High debt leverage with relatively large short-term debt pressure. The Company's total debt increased from RMB74.0 billion at end-2024 to RMB75.4 billion at end-2025, with its total capitalization ratio increasing from 43.9% to 44.3% over the same period. The Company is subject to certain refinancing pressure considering its large amount of short-term debt. At end-2025, the proportion of short-term debt to total debt was 32.6% and its cash-to-short-term-debt ratio was only 0.2x, indicating continued short-term debt-servicing pressure.

Moderate asset quality. SUOG's assets are primarily composed of inventory, receivables, and other non-current assets, all with relatively low liquidity, together accounting for 73.8% of total assets as of 31 December 2025. Other non-current assets are mainly agricultural reclamation resources held by SSTI, which provide supplementary rental income to the Company.

Rating Outlook

The stable outlook on SUOG's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its important position as the primary infrastructure construction platform and the key urban operation services provider in Shangrao City over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in Company's characteristics enhance local government's

willingness to provide support, such as decreased exposure to commercial activities and improving 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) changes in Company characteristics decrease the local government's willingness to provide support, such as reduced regional significance and deteriorated financing capability.

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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