CCXAP affirms Shanghai Lingang Economic Development (Group) Co., Ltd.'s long-term credit rating at A_g+, with stable outlook.

Hong Kong, 29 July 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed Shanghai Lingang Economic Development (Group) Co., Ltd.'s ("Lingang Group" or the "Company") long-term credit rating at A_g+, with stable outlook.

The A_g+ long-term credit rating of Shanghai Lingang Economic Development (Group) Co., Ltd. ("Lingang Group" or the "Company") reflects the Company's (1) strategically important position and good competition strength in industrial park development and operation in Shanghai City; (2) a growing and increasingly diversified business portfolio, underpinned by rising contributions from recurring rental income and service revenues; and (3) strong access to diversified and low-cost financing.

The rating also reflects a high likelihood of government support from the Shanghai Municipal Government in case of need, which is based on the Company's (1) full ownership and direct management by the Shanghai Municipal Government; (2) status as the sole state-owned entity responsible for the development and operation of industrial parks in Shanghai City; and (3) track record of solid government support in terms of capital injection, policy support and subsidies.

However, the rating is constrained by the Company's (1) volatility in profitability, reflecting its significant exposure to cyclical pressure on industrial property sales; (2) fast expansion of debt scale that exerts debt management pressure.

Corporate Profile

Lingang Group is a large state-owned enterprise that focuses on the investment promotion and operation of industrial parks, professional enterprise services and sci-tech industrial investment. The Company has been the main force in the development and construction of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone, Caohejing Hi-tech Park, and more than 20 other featured industrial parks, as well as several urban redevelopment projects in Shanghai City. It is a major construction entity in the Lingang Special Area and play a key role in the transformation and development of key areas in Shanghai City. The Company helps attract investments and provides different kinds of buildings such as factories, office buildings, storehouses, affordable rental housing and R&D centers in industrial parks.

Lingang Group is wholly owned by the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("Shanghai SASAC") and other Shanghai state-owned entities. As of 31 March 2026, Shanghai SASAC held a 53.84% stake in the Company, making it the largest shareholder and ultimate controller, while the remaining shares were held by other Shanghai state-owned entities including Shanghai Electric Holdings Group (28.64%) and Shanghai Guosheng Group (9.34%).

Rating Rationale

Credit Strengths

Strategically important position in industrial park development and operation in Shanghai City. Lingang Group, is the largest industrial park developer and manager by area in Shanghai City, with a principal focus on industrial park development and operation, industrial cultivation services, and investment. The Company is the primary developer of over 20 industrial parks in Shanghai City. With over 40 years of experience in park operations, the Company offers a comprehensive product portfolio, including industrial complexes, Grade A office buildings, high-standard R&D facilities, customized factories, warehouses, hotels, and ports. Furthermore, the Company possesses full-license capabilities for park development. Its expertise spans national-level economic and high-tech zones, comprehensive bonded zones, free trade zones, and the Lingang Special Area.

Established competitive strengths in park development and operation with resource advantages. Lingang Group focuses on park construction and leasing or selling facilities as the core business. As the park development and operations entity under the Shanghai SASAC, the Company enjoys a strong market position and significant resource advantages in securing high-quality projects, investment attractions and obtaining policy support. On the sales side, the Company attracts quality enterprises through investment promotion and sells standard factories, customized factories, warehouses, storage yards, office buildings and social housing to them. The Company’s substantial rental income helps mitigate the high volatility and risks of sales.

Business diversification supported by growing services and sizable investment portfolio. The Company's services businesses, including inspection services, property management, human resources, hotel services and parking services, has enhanced the competitiveness of the Company’s operation business and enriched the Company’s business structure. During the cyclical market conditions for property development, we expect the diversifying services to provide a strong buffer, releasing its reliance on the sale pressure. Besides, the Company also maintains a sizable investment portfolio in equity instruments, industrial funds and long-term equity investments, helping to diversify revenue streams and reinforce long-term financial stability.

Strong access to low-cost funding channels. Lingang Group has strong access to diversified and low-cost financing through bank loans and bond issuances. The Company maintains excellent relationships with policy banks, state-owned commercial banks, and large joint-stock commercial banks. In addition, Lingang Group has a good track record in both offshore and onshore debt capital markets and actively issues innovative financial products. Furthermore, the Group’s listed subsidiaries provide direct access to equity financing channels, further expanding its capital-raising capabilities.

High likelihood of support from the Shanghai Municipal Government. As one of the major business centers in China and around the world, Shanghai City excels in economic development, finance and business, research and technology, transportation, as well as culture and tourism. Shanghai City's fiscal strength is strong with good fiscal self-sufficiency and high proportion of tax revenue. The development of industrial parks is one of the engines of Shanghai City's economy and also helps increase the competitiveness of the city's advanced technology and industries. Given its central position in developing and operating these strategic economic engines, Lingang Group enjoys a solid track record of strong government backing in various forms.

Credit Challenges

High exposure to volatile property development with moderate profitability. Lingang Group's profitability remains exposed to cyclical fluctuations in the industrial property market and the pace of investment attraction, which render its sales revenue inherently volatile. Investment income, albeit volatile, has contributed meaningfully to earnings, alongside sustained government subsidies. On the cost side, continued reductions in financing costs have lowered financial expenses, thereby offering a cushion to overall profitability. Lingang Group's revenue resilience and profitability are expected to remain broadly stable, underpinned by its diversified revenue base and established track record in industrial park development and operation, notwithstanding ongoing susceptibility to market conditions.

High leverage and rising debt. Lingang Group's total debt continued to increase, driven by sustained investment in park development projects, and its leverage ratio remained elevated. As of 31 March 2026, the Company's total interest-bearing debt (including perpetual bonds) reached approximately RMB132.7 billion. The total capitalization ratio (total debt to total capital) rose to approximately 67.1%. We expect the Company's leverage and debt management to improve over the near future, supported by a likely moderation in future investment scale.

Rating Outlook

The stable outlook on Lingang Group's rating reflects our expectation that the Company will maintain its strategically important position in Shanghai's industrial park development and management, and that the Shanghai Municipal Government's capacity and willingness to provide support will remain stable over 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 improves; or (2) the Company's stand-alone credit profile improves significantly, such as further diversification of business segments; or a sustained improvement in profitability 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 deteriorates significantly, such as a materially deterioration of market position, or weakening financial profile including a sustained deterioration in profitability and an increase in leverage.

Rating Methodology

The methodology used in this rating is the [Rating Methodology for General Corporate (May 2026)].

Regulatory Disclosures

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