



CCXAP assigns first-time long-term credit rating of BB_g+ to Shangrao Innovation Development Industry Investment Group Co., Ltd., with stable outlook

Hong Kong, 8 February 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BB_g+ to Shangrao Innovation Development Industry Investment Group Co., Ltd. (“SIIG” or the “Company”). The rating outlook is stable.

Rating Rationale

The BB_g+ long-term credit rating of SIIG is underpinned by the Company’s (1) good track record of receiving ongoing support; (2) regional monopoly position in infrastructure construction and public utilities of Shangrao Economic and Technological Development Zone (“Shangrao ETDZ”); and (3) important position in industrial investment of Shangrao City.

However, the rating is also constrained by its (1) high concentration in industrial investments and uncertainties over investment returns; and (2) high debt leverage and weak liquidity profile.

Rating Outlook

The stable outlook on SIIG’s rating reflects our expectation that the Company will maintain its vital position in Shangrao City and Shangrao ETDZ, and that it will continue to receive strong and ongoing support from its shareholders.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal strength of Shangrao City and Shangrao ETDZ improves notably; (2) the likelihood of government support for the Company increases, such as the Company having a stronger role in Shangrao City; and (3) the Company’s stand-alone credit profile improves significantly, such as total capitalization ratio below 45% and cash/short-term debt ratio above 1.0 times.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal strength of Shangrao City and Shangrao ETDZ deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company’s stand-alone credit profile weakens significantly, such as total capitalization ratio above 65%, and deterioration in refinancing ability and liquidity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(May 2020\)](#).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

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