CCXAP affirms Guangdong Shunde Holding Group Co., Ltd.'s A_g- long-term credit rating, with stable outlook.

Hong Kong, 10 August 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Guangdong Shunde Holding Group Co., Ltd. ("Shunde Holding" or the "Company") at A_g-, with stable outlook.

The A_g- long-term credit rating of Shunde Holding is underpinned by the Company's (1) status as the core state-owned capital investment platform in Shunde District, with a diversified business portfolio; (2) good market position in utility services and urban integrated development businesses; and (3) good access to funding. However, the rating is constrained by the Company's (1) relatively modest profitability with high dependence on non-recurring gains; and (2) high debt leverage and weak debt servicing capability.

The rating also reflects a high likelihood of government support from the Shunde District Government when needed, which is based on the Company's (1) ultimate control by the State-owned Assets Supervision and Administration Bureau of Shunde District ("Shunde SASAB"); (2) high linkage with the local government's pillar industries or long-term policy plans; and (3) solid track record of receiving support from the local government including subsidies, capital injections and asset transfers.

Corporate Profile

Founded in 2010, Shunde Holding is a major state-owned capital investment platform with the largest total assets in Shunde District. Shunde Holding has diversified business portfolio, covering public utilities, urban development, PCB manufacturing, property development, property leasing, and security services. In December 2024, the Company acquired the shares of Olympic Circuit Technology Co., Ltd. ("Olympic Circuit", Stock Code: 603920.SH) and became its controlling shareholder, holding 26.68% shares at end-2026Q1. As of 31 March 2026, the ultimate controller of the Company, Shunde SASAB owned 91.08% shares and Guangdong Provincial Department of Finance held the remaining 8.92%.

Rating Rationale

Credit Strengths

Core state-owned capital investment platform in Shunde District, with a diversified business portfolio. Shunde Holding is the most important state-owned capital investment platform in Shunde District, as well as the sole platform for utility services and pipeline network construction. The Company assumes the functions of public utility services provision, urban integrated development, and strategic industrial investment, with its business portfolio covering public utilities, urban development, PCB manufacturing, property leasing, and security services.

Good market position in utility services and urban integrated development businesses. The Company holds an exclusive concession to supply water across the entire Shunde District, with a designed water supply capacity of 1.6 million tons per day, contributing relatively stable and recurring revenue annually. The Company also has undertaken many urban integrated development projects in Shunde District, mainly industrial parks and housing estates. The abundant construction projects under construction can ensure its business sustainability, but exert large capital expenditure pressure to the Company.

Good access to funding. Shunde Holding has good access to funding, including bank loans, bond issuance, and equity financing. Considering the Company's status as the important state-owned enterprise in Shunde District, we expect the Company to maintain access to stable funding and retain good refinancing capabilities.

High likelihood of support from Shunde District Government. We expect Shunde Holding has a high likelihood of receiving support from the Shunde District Government in times of need, based on the Company's (1) ultimate control by the Shunde SASAB; (2) high linkage with the local government's pillar industries or long-term policy plans; and (3) solid track record of receiving government support in the form of capital injections, asset transfers, and subsidies. In 2025, the local government provided special bond funds of RMB50.0 million and subsidies of RMB82.3 million to the Company, as well as transferred equity interests of a state-owned enterprise to the Company, increasing its capital reserves by RMB943.4 million.

Credit Challenges

Modest profitability with high dependence on non-recurring gains. The Company's profitability is modest as reflected by the declining EBIT margin and relatively weak return on assets. In 2025, owing to lower gross profit margin of property sales, the Company's EBIT margin decreased to 10.8% from 15.4% in 2024, while the return on assets was only 1.8%. There are certain uncertainties regarding the stability of the Company's profits, as its total profit is highly dependent on investment income and fair value changes, which accounted for 30.8% and 51.0% of its total profit in 2025, respectively.

High debt leverage and weak debt servicing capability. With ongoing financing for its construction projects and the acquisitions of land and enterprises, Shunde Holding has a high debt leverage. The adjusted total debt increased from RMB32.3 billion at end-2024 to RMB38.4 billion as of 31 March 2026, with high total capitalization ratio of 60.1%. As the Company's debt burden increased, its long-term debt servicing metrics is relatively weak. In 2025, its total debt/EBITDA ratio was 16.6x and EBITDA interest coverage ratio was 2.3x.

Rating Outlook

The stable outlook on Shunde Holding's rating reflects our expectation that, for the next 12 to 18 months, the Company will maintain its strategic role as the important state-owned capital investment platform in Shunde District, and continue to receive solid support from the Shunde District Government.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Shunde District Government increases significantly; or (2) the Company's stand-alone credit profile improves significantly, including substantial reduction in debt leverage, enhancement of core business profitability and strengthening of liquidity position.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the Shunde District Government decreases; or (2) the Company's stand-alone credit profile weakens, including eroded liquidity profile or sharp deterioration in debt leverage.

Rating Methodology

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

Regulatory Disclosures

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong
Associate Director of Credit Ratings
+852-2860 7124
peter_chong@ccxap.com

Elle Hu
Executive Director of Credit Ratings

+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address:	Suites 1904-1909, 19/F, Jardine House,
	1 Connaught Place, Central, Hong Kong
Website:	www.ccxap.com
Email:	info@ccxap.com
Tel:	+852-2860 7111
Fax:	+852-2868 0656