Credit Opinion

28 July 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A_g+
Outlook	Stable

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Shanghai Lingang Economic Development (Group) Co., Ltd.

Surveillance credit rating report

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

Summary

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.

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.

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.

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.

Rating Drivers

- Strategically important position in industrial park development and operation in Shanghai City
- Established competitive strengths in park development and operation with resource advantages
- Business diversification supported by growing services and sizable investment portfolio
- High exposure to volatile industrial property development with moderate profitability
- High leverage and rising debt moderated by good financial flexibility
- Strong access to low-cost funding channels
- High likelihood of support from the Shanghai Municipal Government

Rating Sensitivities

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.

Key Indicators

	2023FY	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	218.4	235.3	240.8	238.3
Total Equity (RMB billion)	62.0	68.7	65.9	65.1
Total Revenue (RMB billion)	13.3	23.0	14.7	2.5
Net Profit (RMB billion)	1.7	1.3	0.7	-0.3
EBIT Margin (%)	33.8	24.9	27.2	-
Return on Assets (%)	2.3	2.5	1.7	-
Total Debt/Total Capital (%)	63.4	64.1	66.7	67.1
Total Debt/EBITDA (x)	16.7	14.4	17.9	-
EBITDA/Interest (x)	1.8	2.2	2.1	-
FFO/Total Debt (%)	0.0	0.0	0.0	-

All ratios and figures are calculated using CCXAP's adjustments. Indicators marked with "-" are not applicable or not comparable.

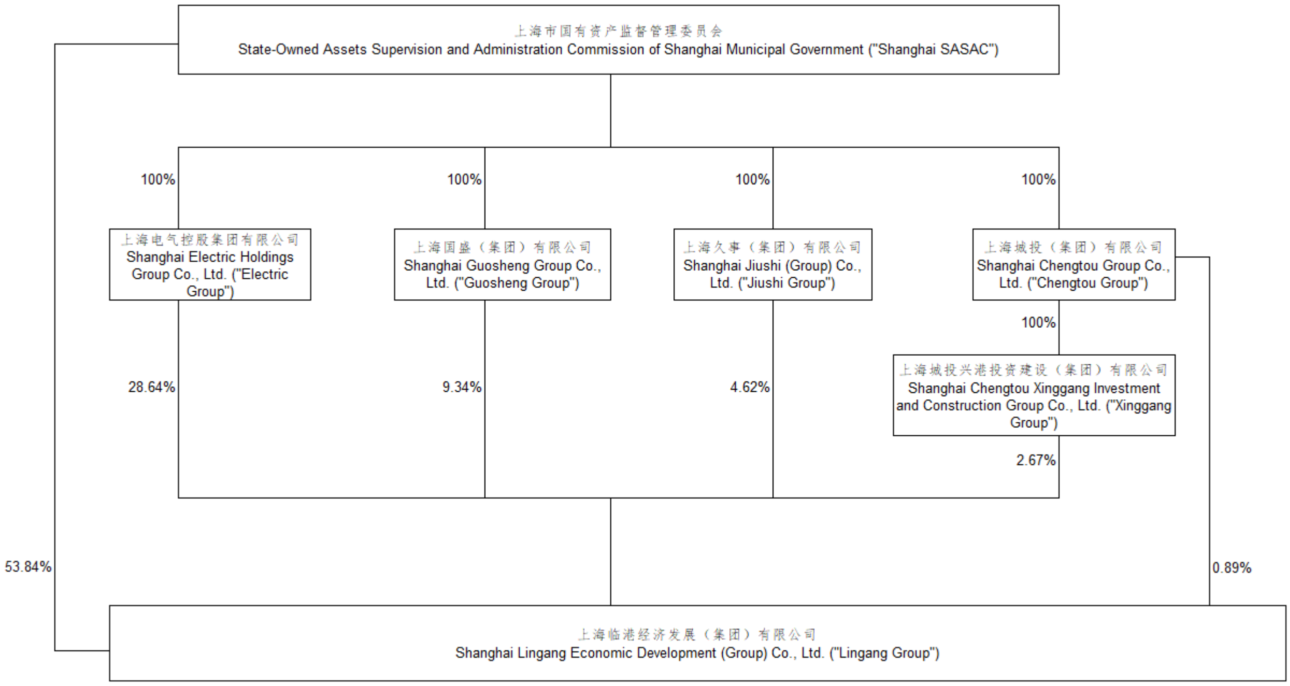
Source: Company data, CCXAP research

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%).

Exhibit 1. Shareholding chart of Lingang Group as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

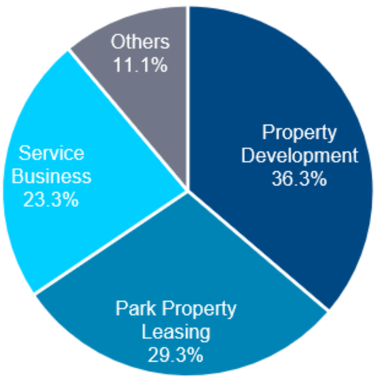
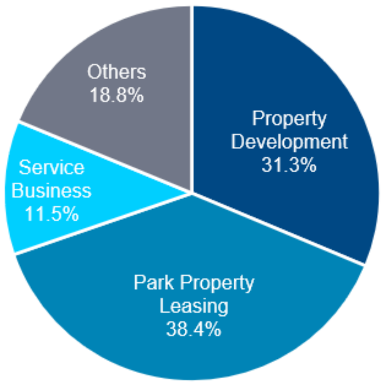


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Business Profile

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. Key projects include the Lingang Special Area, a national strategic initiative launched in 2019, and the Caohejing Hi-Tech Park, the city's most established high-tech park. 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. As of the end of March 2026, the total planned area of the major industrial parks in which the Company is involved in development was 688,400 mu. In 2025, the Company acquired a total of 1,854 mu of land, of which 1,303 mu was located within the Lingang Special Area.

The Company's strategic importance is reflected in its unique role as the designated main force for the Lingang Special Area. As of 31 March 2026, the Company managed 25 major construction projects. These projects represent a total budget of RMB 96.4 billion, with RMB 57.6 billion in cumulative investment. In addition, beyond investment in fixed assets, the Company is committed to becoming an integrated service provider for innovation ecosystems centered on industrial parks by continuously enhancing its industrial incubation services and investment empowerment capabilities, thereby steadily improving its overall development capabilities.

Established competitive strengths in park development and operation with resource advantages

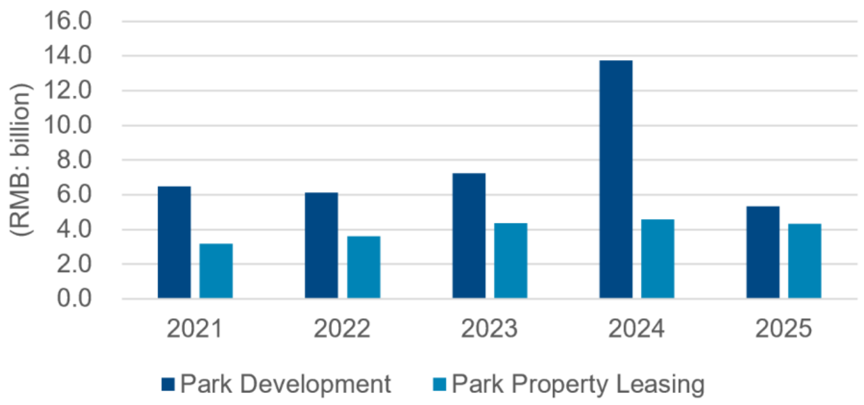
Lingang Group focuses on park construction and leasing or selling facilities as the core business. As the park development and operations entity under the Shanghai SASAC, the Company enjoys a strong market position and significant resource advantages in securing high-quality projects, investment attractions and obtaining policy support. Revenue from the leasing and sale of park facilities is material and of high quality, however, park development revenues remain exposed to macroeconomic cycles.

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. At the same time, the Company promotes a district-level cooperative development model with local governments to develop brand-extension parks under government-guided that aligns with policy directions and supports brand positioning and competition. Due to the unfavorable market environment, the pace of park development and construction has slowed down, and the area of new projects has continued to decline. The Company is now primarily focused on advancing the construction and sale of existing projects. As of 31 March 2026, the total planned investment for the Company major park projects under construction was RMB96.4 billion, with invested amount of RMB57.6 billion. While the sizeable existing pipeline provides some revenue visibility for future development and sales, it also exerts notable pressure on capital expenditure and poses uncertainties around later leasing and sales performance. The overall market downturn in 2025 led to a year-on-year (“YoY”) decline in both contracted area and contract sales for park development, with property development revenue decreasing by approximately 61.1% YoY to RMB5.3 billion and the gross profit margin dropping from 36.2% to 24.0%.

The Company’s substantial rental income helps mitigate the high volatility and risks of sales. Driven by its well-located factories, offices, and warehouses, the leasing segment provides a stable recurring income stream. Leasing revenue remained relatively resilient, totaling approximately RMB4.3 billion in 2025, compared to RMB4.6 billion in 2024 and RMB4.4 billion in 2023. As of 31 March 2026, the average occupancy rate stood at

70.4%. Depending on the type of leasing properties, the lease term is generally 3-5 years. The Company has demonstrated resilient operations amid regional industrial and property market adjustments.

Exhibit 4. Park property development and leasing revenue from 2021 to 2025



Source: Company information, CCXAP Research

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. In 2025, the service business generated approximately RMB3.4 billion (23.3% of total revenue), up from RMB1.0 billion in 2023. Lingang Group also maintains a sizable investment portfolio in equity instruments, industrial funds and long-term equity investments of approximately RMB35.1 billion as of end-2025, accounting for 14.6% of total assets. Direct equity investments mainly include associates or joint ventures for the development of properties in industrial parks or the provision of related services such as exhibitions, testing centers and port operations. The Company also invests in different industrial development funds as a limited partner, aiming to promote the development of local high-tech industries and attract investments into its industrial parks. As of 31 March 2026, the Company and its subsidiaries invested 45 funds with total subscribed capital of RMB14.4 billion and a paid-in capital contribution of approximately RMB11.2 billion. Additionally, the investment portfolio held shares in high-quality listed companies—including Guotai Haitong Securities and Shanghai Industrial Development—offering stable dividend income, though returns are inherently volatile with investment income fluctuating between RMB2.2 billion in 2023, RMB0.7 billion in 2024, and RMB3.5 billion in 2025.

Financial Profile

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. In 2025, amid an unfavorable market environment, the Company's total revenue declined by 35.9% YoY to RMB14.7 billion, primarily driven by a sharp 61.0% drop in property sales revenue. Meanwhile, the gross profit margin contracted 27.8% from 37.4% in 2024, with the property sales and services segments recording relatively large margin erosion.

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. Overall, the Company's ROA fell to 1.7% in 2025, while its EBIT margin expanded to 27.2% over the same period.

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 moderated by good financial flexibility

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, up from RMB122.4 billion at end-2024. The total capitalization ratio (total debt to total capital) rose to approximately 67.1% from 64.1% at end-2024. The Company maintains a moderate liquidity profile with a short-term debt ratio of approximately 19.5% and cash to short-term debt ratio at approximately 0.9x. Its debt servicing capacity also came under pressure from weaking profitability in 2025, with the EBITDA interest coverage ratio declining to approximately 2.1x.

We expect the Company's leverage and debt management to improve over the near future, supported by a likely moderation in future investment scale. The Company's three-year investment plan indicates a declining trend, which may help slow the pace of debt accumulation. Also, the Company benefits from solid financial flexibility, underpinned by its strong state-owned background, good access to various funding sources, and a high-quality, profitable asset base. The Company's assets are primarily composed by growing holdings of good-quality commercial properties and substantial cash reserves, with a low restricted portion.

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. As of end-2025, it had total credit facilities of approximately RMB482.9 billion, with an available balance of approximately RMB381.5 billion, providing substantial liquidity headroom. The Company's comprehensive financing cost is approximately 2.67%% as of 31 March 2026, reflecting its strong bargaining power in the capital market. Lingang Group has a good track record in both the onshore and offshore debt capital markets, having issued various financial products including medium-term notes, corporate bonds, and hybrid science and technology innovation notes. The Company has also issued innovative products such as the world's first listed offshore RMB social responsibility bond by a non-financial enterprise in 2024. Furthermore, the Group's listed subsidiaries provide direct access to equity financing channels, further expanding its capital-raising capabilities.

External Support

High likelihood of support from the Shanghai Municipal Government

We expect Lingang Group has a high likelihood of receiving support from the Shanghai Municipal Government in case of need. This expectation incorporates our considerations of 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.

We believe Shanghai Municipal Government has an excellent capacity to provide support, given its strong economic fundaments and fiscal strength. 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. In 2025, Shanghai's gross regional product (“GRP”) increased by 5.4% YoY to RMB5.67 trillion, maintaining the largest GRP among China's direct-administered municipalities. Its general budgetary revenue reached RMB850.1 billion, with tax revenue accounting for approximately 86.1%. The local government debt balance was RMB1,042.0 billion as of end-2025, with a debt-to-GRP ratio of approximately 18.4%, indicating a manageable debt burden.

Exhibit 5. Key economic and fiscal indicators of Shanghai City

	2023FY	2024FY	2025FY
GRP (RMB billion)	4,721.9	5,392.7	5,670.9
GRP Growth (%)	5.0	5.0	5.4
General Budgetary Revenue (RMB billion)	831.3	837.4	850.1
General Budgetary Expenditure (RMB billion)	963.9	987.5	997.6
Local Government Debt (RMB billion)	883.2	909.1	1,042.0

Source: Bureau of Statistics of Shanghai City, CCXAP research

The development of industrial parks is one of the engines of Shanghai City’s economy and helps increase the competitiveness of the city’s advanced technology and industries. Caohejing Hi-tech Park, a top-tier national development zone, has built Shanghai's largest high-tech clusters in information technology, new materials, and high-end equipment, ranking 13th among national development zones. Meanwhile, the Lingang Special Area, primarily developed by Lingang Group, serves as a highly competitive economic zone. Over the past six years, it has achieved a GRP compound annual growth rate of 17.6%, with industrial output above designated size growing at 28.4% and fixed asset investment growing at 25.7%. As of 2025, over 24,000 enterprises had settled in the area, with total revenue of park enterprises exceeding RMB2 trillion and industrial output surpassing RMB600billion. The area targets to achieve a GRP of RMB1 trillion by 2035, providing substantial long-term growth for Lingang Group.

Lingang Group has a solid track record of receiving government support in various forms. The Shanghai Municipal Government has provided ongoing capital injections to strengthen the Company’s capital base. In 2024, Shanghai SASAC transferred its 8% shares of Shanghai Huahong (Group) Co., Ltd. and 9% shares of Orient International (Holding) Co., Ltd. to the Company, increasing paid-in capital by approximately RMB3.8 billion. In 2025, the Company received additional cash capital injections of RMB19 million, and its paid-in capital increased to approximately RMB168.4 billion at 31 March 2026. The Company also received stable financial subsidies for carrying out policy-supporting activities such as pubic rental housing, public transportation and investment attraction in different areas. In 2025, the Company recognized financial subsidies of around RMB844.1 million. Given its strong public policy role and large investment in industrial parks, we expect government payments for Lingang Group will remain good over the next 12 to 18 months.

ESG Considerations

Lingang Group bears environmental risks through its construction projects in industrial parks. Such risks could be moderated by the Company through detailed planning before the commencement of projects, adoption of green building certification standards, such as American Leadership in Energy and Environmental Design, and close supervision during the construction.

The Company is also exposed to social risks as a public services provider. Demographic changes, public awareness and social priorities shape the government's target for Lingang Group, or affect the government's propensity to support the Company.

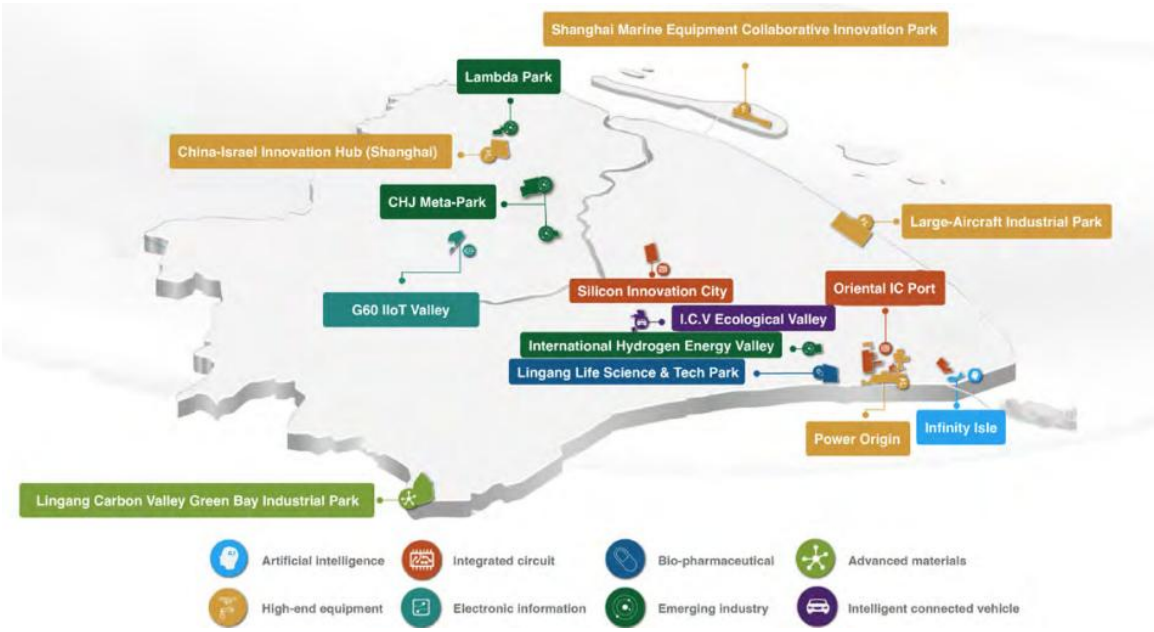
The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its public-policy role and status as a government-owned entity. In addition, Shanghai Lingang Holdings Co., Ltd., a listed subsidiary of the Company, is required to report its financial and business profile conditions on a regular basis.

Rating Methodology

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

Appendix

Exhibit 6. Geographical locations of Lingang Group's featured industrial parks in Shanghai City



Source: Company information, CCXAP Research

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