

## **CCXAP affirms Zibo Zichuan Finance Holding Co., Ltd.’s long-term credit rating at BBB<sub>g-</sub>, with stable outlook.**

Hong Kong, 30 April 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Zibo Zichuan Finance Holding Co., Ltd. (“ZCFH” or the “Company”) at BBB<sub>g-</sub>, with stable outlook. At the same time, CCXAP has affirmed ZCFH’s senior unsecured debt rating at BBB<sub>g-</sub>.

The BBB<sub>g-</sub> long-term credit rating of ZCFH reflects Zichuan District Government’s strong capacity to provide support and its very high willingness to provide support based on our assessment of the Company’s characteristics. Our assessment of Zichuan District Government’s capacity to support reflects Zichuan District’s comprehensive strength, with ongoing economic growth and improving fiscal metrics.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) important role in regional development of the Zichuan District, primarily responsible for the development of industrial parks and supporting infrastructure; and (2) solid track record of receiving government support. However, the rating is constrained by the Company’s (1) moderate exposure to commercial activities; and (2) fast debt growth driven by continuous investment in infrastructure projects and industrial parks.

### **Corporate Profile**

Founded in July 2017, ZCFH is one of the two pivotal local infrastructure investment and financing companies (“LIIFCs”) in Zichuan District. As an important urban infrastructure investment and state-owned capital investment and operation entity in Zichuan District, ZCFH is responsible for public infrastructure and welfare projects, including infrastructure construction and municipal engineering. It also has commercial activities, including industrial park development and operation, financial investment, trading, and leasing. As of 30 June 2025, it was directly and wholly owned by the Zichuan State-owned Assets Supervision and Administration Bureau (“Zichuan SASAB”).

### **Rating Rationale**

#### **Credit Strengths**

**Important role in regional development of the Zichuan District, primarily responsible for the development of industrial parks and supporting infrastructure.** As an important urban infrastructure investment and state-owned capital investment and operation entity in Zichuan District, ZCFH has a clear strategic role in regional development, especially in the development of industrial parks and supporting infrastructure. The Company is commissioned to carry out various key infrastructure construction projects, such as industrial parks, roads, ecological restoration construction, and mine rehabilitation, which are crucial to local economic development and benefit the public welfare. As of end-2024, ZCFH had 4 infrastructure construction projects under construction, with a total investment of RMB4.0 billion and an uninvested amount of RMB499.8 million. These projects had recognized revenue of RMB3.7



billion and collected payments of RMB1.5 billion. Moreover, the Company conducts infrastructure construction management through municipal engineering qualification. We believe that the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

**Solid track record of receiving government support.** As a core LIIFC in the Zichuan District, ZCFH has a proven track record of receiving support from the local government in terms of capital injections, asset injections, equity transfer, and subsidies, to support its businesses and operations. In 2024, the government transferred the equity of Zibo Lvchuan Gas Co., Ltd. to the Company, increasing its capital reserve by RMB1.3 million. In addition, ZCFH received government subsidies of RMB275.7 million from 2024 to 2025H1. We expect that, as the pivotal state-owned enterprise in Zichuan District, the Company plays an irreplaceable role in the development and operation of the region, and will continue to receive ongoing support from the local government over the next 12 to 18 months.

#### Credit Challenges

**Moderate exposure to commercial business activities.** Apart from the public policy activities, ZCFH also participates in commercial activities such as industrial park construction and operation, financial investment, trading, and leasing. As of end-2024, ZCFH had 3 industrial parks under construction, with a total investment of RMB3.9 billion and an outstanding amount of RMB1.5 billion. At the same time, the Company had an Agricultural Industrial Chain Project under planning, with a total investment of RMB1.3 billion. However, the capital recovery cycle for industrial parks is typically long, requiring attention to the subsequent operation and investment return of these projects. Although the Company's commercial assets account for more than 40% of total assets as of the end of June 2025, we estimate the Company's risk exposure to commercial business to be moderate, as some of its commercial activities are partially policy driven.

**Fast debt driven by continuous investment in infrastructure projects and industrial parks.** Due to the large capital expenditure in infrastructure projects and industrial parks over the past few years, its total debt has increased significantly. The Company's total debt rose from RMB7.8 billion at end-2023 to RMB9.3 billion at mid-2025 and its capitalization ratio also rose from 53.1% to 59.3%. However, the Company faced certain short-term repayment pressure, as its short-term debt accounted for 34.6% of the total debt at mid-2025, and its cash to short-term debt ratio was around 0.6x, indicating insufficient coverage of its short-term debt obligation. Given its large capital expenditure pressure, we expect the Company's debt burden will continue to grow in the next 12 to 18 months. Meanwhile, the Company's asset liquidity is moderate. As of 30 June 2025, the Company's total assets consist mainly of fixed assets, inventories and account receivables, accounting for 63.4% of its total assets, which are considered to be low liquidity.

### **Rating Outlook**

The stable outlook on ZCFH's rating reflects our expectation that the Zichuan District Government's capacity to provide support will be stable, and the Company's important role in regional development of Zichuan District will remain unchanged over the next 12 to 18 months.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) Zichuan District Government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as decreased risk exposure to commercial activities and improved debt management and financing ability.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) Zichuan District Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance, weakened financing ability or increased exposure to commercial activities.

---

## 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

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

[http://www.ccxap.com/en/rating\\_services/category/6/](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:

[http://www.ccxap.com/en/rating\\_services/category/9/](http://www.ccxap.com/en/rating_services/category/9/)

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results) and may be distributed through media and other means.

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.

Cherry Chau

*Credit Analyst*

+852-2860 7128

[cherry\\_chau@ccxap.com](mailto:cherry_chau@ccxap.com)

Elle Hu

*Executive Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



Copyright © 2026 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

**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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656