

CCXAP affirms Jinan Shizhong Finance Investment Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 8 August 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Jinan Shizhong Finance Investment Group Co., Ltd. (“SZFI” or the “Company”)’s long-term credit rating at BBB_g+, with stable outlook.

The BBB_g+ long-term credit rating of SZFI reflects Shizhong District Government’s very strong capacity and very high willingness to provide support based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects Shizhong District’s important position as the political, economic, cultural, and financial center of Jinan City, and its ongoing economic growth as well as sound fiscal profile.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) dominant position as the largest state-owned capital investment and operation platform in Shizhong District; and (2) good track record of receiving government support. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing debt burden and moderate asset liquidity; and (3) relatively high exposure to non-standard financing.

Corporate Profile

Founded in June 1992, SZFI is the most important and largest state-owned capital investment and operation platform in terms of total assets in Shizhong District, and directly and indirectly controls the major local infrastructure investment and financing companies (“LIIFCs”) in Shizhong District. The Company is mainly responsible for land acquisition and demolition as well as relevant infrastructure construction projects in Shizhong District. Over the years, the Company has diversified its business portfolio into commercial businesses including trading, engineering, sales of house, property leasing, financial investment and financial services. As of 30 June 2025, the Company was directly and wholly owned by the Jinan City Shizhong District Government Project Funding Service Center, and Shizhong District Government was the actual controller.

Rating Rationale

Credit Strengths

Dominant position in infrastructure construction and land development in Shizhong District. As the most important and largest state-owned capital investment and operation platform in terms of total assets in Shizhong District, SZFI is an exclusive entity for land acquisition and demolition projects. The Company is also responsible for related infrastructure construction and resettlement housing projects on the consolidated land parcels. These projects are essential to local economic development and provide benefits to the public.

Good track record of receiving government support. As the key entity in land acquisition and demolition and relevant infrastructure construction in Shizhong District, SZFI has a good

track record of receiving government supports. The Company has received project payments, operating subsidies, and cash injections from the local government to support its business operations. Given SZFI's important position and large scale of policy projects under construction and planning, we expect local government would continuous to provide support to the Company over the next 12 to 18 months.

Credit Challenges

Medium exposure to commercial activities. SZFI is also involved in diversified commercial activities that contribute part of its revenue, including sales of houses, engineering, property leasing, trading, financial investment as well as financial services. Due to the exclusion of some subsidiaries from the consolidation, it is expected that the Company will rely more on trading and leasing businesses to generate supplementary income and profits in the future. Considering these commercial activities may also entail higher operational and business risks than public policy activities, we expect SZFI's commercial business exposure to be medium.

Increasing debt burden and moderate asset liquidity. SZFI maintained a high level of debt burden over the past three years due to continuous investment in public projects and financial investment. The Company still bears a relatively high short-term debt repayment pressure. We expect the Company to rely on external financing for its land acquisition and demolition and self-operated projects, and its total debt burden is expected to increase further in the next 12-18 months. In addition, the liquidity of SZFI's assets was relatively weak. Moreover, the Company faces certain collection risk in accounts receivable and other receivables. Deteriorating client creditworthiness of account receivables would put the Company at risk of not recovering its receivables promptly.

Access to diversified funding channels with relatively high exposure to non-standard financing. SZFI has different financing channels such as bank loans, domestics and offshore bond issuance, and non-standard financing products. The Company has maintained long-term relationships with state-owned commercial banks and large joint-stock commercial banks. Meanwhile, the Company has access to the onshore and offshore bond market. However, the Company has a relatively high exposure to non-standard financing, which accounts for around 30.0% of its total debt.

Rating Outlook

The stable outlook on SZFI's rating reflects our expectation that the local government's capacity to provide support will be stable, and that the Company will maintain its important position in the development of Shizhong District over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local 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 lowers the exposure to risky commercial

activities, improved debt management, and increased stability and consistency of public activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local 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 access to funding or increased risk 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

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