

CCXAP affirms Zibo Hi-Tech State-Owned Capital Investment Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 29 August 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Zibo Hi-Tech State-Owned Capital Investment Co., Ltd. (“ZBHT” or the “Company”) at BBB_g, with stable outlook. At the same time, CCXAP has affirmed ZBHT’s BBB_g senior unsecured debt rating.

The BBB_g long-term credit rating of Zibo Hi-Tech State-Owned Capital Investment Co., Ltd. (“ZBHT” or the “Company”) reflects Zibo High-tech Zone 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 Zibo High-tech Zone Government’s capacity to support reflects its vital role as a national-level high-tech zone in Zibo City and Shandong Province, with strong economic growth, good fiscal metrics and debt profile.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) dominant role in local infrastructure construction and land development in Zibo High-tech Zone; (2) providing utility services with high replacement cost; (3) solid track record of receiving government support; and (4) good access to diversified funding channels. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities, with operating risks of automobile sales business and recovery risks of investment business; and (2) high debt leverage driven by large number of construction projects; and (3) moderate asset liquidity.

Corporate Profile

Founded in March 2019, ZBHT is the sole development, construction and state-owned asset management entity in Zibo Hi-tech Zone. As of 30 June 2025, it was directly and wholly owned by the Finance Bureau of Zibo High-tech Zone, and the Management Committee of Zibo High-tech Zone remained its ultimate controller. In accordance with the economic development strategy and social development requirements of Zibo High-tech Zone, ZBHT is responsible for public infrastructure and welfare projects, including infrastructure construction, land development and water supply services. It also has commercial operations, including leasing, automobile sales, direct equity investments, and industrial investment fund businesses.

Rating Rationale

Credit Strengths

Dominant role in local infrastructure construction and land development. ZBHT is the first-level holding company under the Zibo High-tech Zone Government and the sole local infrastructure investment and financing company (“LIIFC”) in Zibo High-tech Zone, which has a clear strategic role in regional development. The Company is commissioned to carry out various key infrastructure construction and land development projects which are crucial to local economic development and benefit the public welfare and local employment.

Good track record of receiving government payments. ZBHT has a proven track record of receiving support from the local government in the form of capital injections, asset injections, and subsidies, which has provided important support for the Company's capital expenditure and debt repayment. The Company has established transparent repayment plans for receivables related to construction projects with the local government. In accordance with the terms of the construction agency agreement, the local government continued to make scheduled payments to the Company.

Good access to diversified funding channels. ZBHT had shown good access to various sources of funding, including bank loans and onshore and offshore bond financing. The Company maintains good long-term relationships with policy banks and large state-owned commercial banks. The Company also has a good track record for fund-raising activities in capital market. The Company has also effectively managed its exposure to non-standard financing, which decreased to less than 10% of the total debt as of 31 December 2024.

Credit Challenges

Medium exposure to commercial activities, with operating risks of automobile sales business and recovery risks of investment business. ZBHT's major commercial activities include property leasing, automobile sales, direct equity investments, and industrial investment fund businesses, with relatively high capital expenditure pressure. Most of these commercial activities are policy-driven which are related to public policy businesses. ZBHT's commercial activities are responsible for attracting high-tech companies to settle in Zibo High-tech Zone, which helps support regional economic development. Although the commercial assets account for more than 30% of total assets, we estimate the Company's risk exposure to commercial activities is moderate.

High debt leverage ratio and moderate asset liquidity. ZBHT's has a high financing leverage driven by sustained investment in infrastructure construction projects, and the debt growth rate has been managed since 2023. Given the Company's large capital expenditure pressure for its investment and construction projects under construction, we expect its leverage will maintain a relatively high level for the next 12-18 months. The liquidity profile of ZBHT is moderate, with a significant proportion of low liquid assets. Furthermore, the Company had relatively large number of assets restricted for funding activities, mainly including cash and investment properties.

Rating Outlook

The stable outlook on ZBHT's rating reflects our expectation that the Zibo High-tech Zone Government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Zibo High-tech Zone 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 lowering exposure to risky commercial activities, and improving debt management.

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, decreased government payments, 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

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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.

Christy Liu

Senior Credit Analyst

+852-2860 7127

christy_liu@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