

## **CCXAP affirms Zouping Financial Development Group Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>, with stable outlook.**

Hong Kong, 17 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Zouping Financial Development Group Co., Ltd.’s (“ZPFD” or the “Company”) long-term credit rating at BBB<sub>g</sub>, with stable outlook.

The BBB<sub>g</sub> long-term credit rating of Zouping Financial Development Group Co., Ltd. (“ZPFD” or the “Company”) reflects Zouping City Government’s (1) strong capacity to provide support, and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Zouping City Government’s capacity to support reflects its status as one of the top 100 counties in China, with moderate economic strength and fiscal profile.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) essential role in infrastructure construction and operation of Zouping City; 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 level to support investment in public policy projects; and (3) fair access to funding.

### **Corporate Profile**

Founded in July 2019, ZPFD is the largest local infrastructure investment and financing company (“LIIFC”) by total assets in Zouping City. After consolidation of the local state-owned enterprises in 2022, the Company has become the most important LIIFC engaged in infrastructure construction and operation of land resources, in accordance with the economic development strategy and social development requirements of Zouping City. The Company also expands to commercial activities such as trading and leasing. In August 2025, 95.0% shares of the Company were transferred to Zouping Finance and Investment Holding Group Co., Ltd. (“ZPFI”), which was 100% owned by the State-owned Assets Center of Zouping City (“Zouping SAC”). The rest 5.0% shares of the Company were owned by Zouping SAC, and Zouping City Government was the ultimate controller.

### **Rating Rationale**

#### **Credit Strengths**

**Essential entity in infrastructure construction and operation of Zouping City.** ZPFD acts as the essential LIIFC in Zouping City and is delegated by the local government to undertake local infrastructure construction, state-owned asset operation, as well as the operation of land resources, focusing on implementing the strategic blueprint for economic and district development in Zouping City. In our view, ZPFD’s important role in supporting local development of Zouping City is not easily replaced by other LIIFCs.

**Good track record of receiving government support.** ZPFD has received significant support from the local government in the form of project payments, capital contributions, equity transfers,

cash and asset injections, and fiscal subsidies to support its investments and operation of its businesses. Moreover, the Company also received government special funds to support its project constructions. In light of ZPFD's key and strategic role in promoting the local development of Zouping City, we expect the Company to receive strong support from the local government when necessary.

### Credit Challenges

**Medium exposure to commercial activities.** ZPFD actively explores commercial business opportunities to diversify its sources of income. These commercial activities mainly include trading and leasing. Given the proportion of commercial assets to total assets was around 20%, we estimate the ZPFD's exposure to commercial activities is medium.

**Increasing debt level to support investment in public policy projects.** ZPFD's total debt and total capitalization ratio have experienced fluctuations over the past three years, with both peaking at end-2024 before posting a slight pull-back to RMB13.8 billion and 42.5% at end-2025, respectively. Considering that the Company's large scale of key projects under construction and planning, the Company's total debt burden is expected to further increase over the next 12-18 months. In addition, the liquidity of the Company's assets is relatively weak. The low asset liquidity may undermine the Company's financial flexibility.

**Fair access to funding.** ZPFD has access to various funding including bank borrowing and direct financing. Leveraging the Company's state-owned background and strategic importance to the local development in Zouping City, it is able to secure various sources of financing with competitive financing costs. As of end-2025, bank loans, special funds and bond issuances accounted for the majority of the Company's total debt.

### Rating Outlook

The stable outlook on ZPFD's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company's characteristics, such as its pivotal role in infrastructure construction and operation of Zouping City, will remain largely unchanged over the next 12-18 months.

#### What could upgrade the rating?

The rating could be upgraded if (1) Zouping City Government's capacity to support the Company strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as improved debt management or diversifying funding channels.

#### What could downgrade the rating?

The rating could be downgraded if (1) Zouping City Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in importance of its policy role, increasing exposure to commercial activities, or material decrease in government payments.



## 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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