

CCXAP upgrades Qingdao Shibei Construction Investment Group Co., Ltd.'s long-term credit rating to A_g, with stable outlook.

Hong Kong, 13 July 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has upgraded Qingdao Shibei Construction Investment Group Co., Ltd.’s (“SBCI” or the “Company”) long-term credit rating to A_g from A_g-, with stable outlook.

The rating upgrade reflects the stronger capacity to provide support from Shibei District Government, driven by Shibei District’s ongoing economic growth and good fiscal quality, which will translate into enhanced support for the Company.

The A_g long-term credit rating of SBCI reflects Shibei District Government’s very strong capacity to provide support, and extremely high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Shibei District Government’s capacity to provide support reflects Shibei District’s sound economic and fiscal strength, with a gross regional product (“GRP”) exceeding RMB130.0 billion.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important policy role as an urban operator of Shibei District; (2) good track record of receiving government support; and (3) good access to diversified funding sources. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; and (2) high debt leverage level and weak asset liquidity.

Corporate Profile

Established in 2016, SBCI is one of the primary local infrastructure investment and financing companies (“LIIFCs”) that focuses on urban operations and investment in Shibei District, Qingdao City. SBCI plays an important role in public activities in Shibei District, such as land consolidation and development, affordable housing, and urban renewal projects. The Company also undertakes commercial activities such as property development, property leasing and trading. As of 31 March 2026, SBCI was directly and wholly owned by the State-owned Assets Operation and Development Center of Qingdao Shibei District (“Shibei SAODC”).

Rating Rationale

Credit Strengths

Important policy role as an urban operator of Shibei District. SBCI is one of the primary LIIFCs in Shibei District, with a strong strategic position under the local government’s planning. SBCI is positioned as the main urban operator that specializes in the urban renewal, investment, and operations. It plays an important role in land consolidation, affordable housing, shantytown and urban renewal projects.

Good track record of receiving government support. As a major entity undertaking public activities in Shibei District, SBCI has a proven track record of receiving government support in

various forms such as capital injection, financial subsidies, asset injections and government payment for construction projects.

Good access to diversified funding sources SBCI has good access to various sources of funding including banks and the bond market, which could help it refinance and meet capital expenditure needs. The Company has maintained good relationships with large domestic banks including national joint-stock commercial banks and state-owned large commercial banks. Moreover, SBCI and its subsidiary also had good access to debt capital market. In addition, SBCI's exposure to non-standard channels is manageable.

Credit Challenges

Medium exposure to commercial activities. SBCI also engages in commercial activities, including commodity transactions, property development, and property leasing, which provide supplemental revenue for the Company. However, such activities may expose the Company to certain business risks, and the local government seldom provides direct support for these activities. Based on our analysis, the Company is exposed to medium business risks, with commercial assets accounting for less than 30.0% of total assets as of 31 March 2026.

High debt leverage level and weak asset liquidity. SBCI's debt leverage remains high due to its continuous investment in land consolidation and shantytown projects, as well as long government repayment periods. The Company maintained a relatively high short-term debt burden. Given its ongoing capital expenditure pressure, we expect the Company's total debt leverage to remain high over the next 12 to 18 months. In addition, the asset liquidity of SBCI remained relatively weak.

Rating Outlook

The stable outlook on SBCI's rating reflects our expectation that Shibei District Government's capacity to provide support will be stable; and the Company will maintain its important policy role as an urban operator in Shibei District over the next 12 to 18 months.

What could upgrade the rating?

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

What could downgrade the rating?

The rating could be downgraded if (1) Shibei District 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 a reduction in the importance of its policy role, weakened government payments, or a deterioration in its financing ability.



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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