

Credit Opinion

10 July 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

Analyst Contacts

Christy Liu +852-2860 7127
Assistant Director of Credit Ratings
christy_liu@ccxap.com

Jessica Cao +852-2860 7128
Credit Analyst
jessica_cao@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Jining State-owned Assets Investment Holdings Co., Ltd.

Surveillance credit rating report

CCXAP upgrades Jining State-owned Assets Investment Holdings Co., Ltd.'s long-term credit rating to A_g-, with stable outlook.

Summary

CCXAP has upgraded the long-term credit rating of Jining State-owned Assets Investment Holdings Co., Ltd., (“JNSI” or the “Company”) to A_g- from BBB_g+, reflecting consistent support from the Jining Municipal Government such as business support and capital injection, given the Company’s strategic importance in the industrial investment and financial services in Jining City.

The A_g- long-term credit rating of JNSI is underpinned by the Company’s (1) investment portfolio that are aligned with the government policies and industrial development in Jining City; and (2) good access to funding channels given its state-owned background.

However, the rating is constrained by the Company’s (1) credit contagion risks from financial businesses; (2) uncertainties in investment return of fund investment; and (3) modest financial profile with narrow profitability and relatively high debt leverage.

The rating also reflects a high likelihood of government support from the Jining Municipal Government when needed, which is based on the Company’s (1) direct ownership and ultimate control by the Finance Bureau of Jining City; (2) clear and solid strategic position of state-owned assets investment and operation in Jining City; and (3) good track record of support from the local government.

The stable outlook on JNSI’s rating reflects our expectation that the willingness and ability of the local government to provide support is unlikely to change over the next 12 to 18 months. We also expect the Company to maintain a stable investment strategy and credit profile.

Rating Drivers

- High likelihood of support from the Jining Municipal Government when needed
- Investment portfolio in line with the government policies and industrial development in Jining City
- Most projects are within the investment period, with uncertainties in investment returns and exit timing
- Credit contagion risks from financial businesses
- Relatively large revenue contribution from trading business with thin gross profit margin
- Modest financial profile with narrow profitability and relatively high debt leverage
- Relatively high refinancing needs mitigated by good access to funding channels

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Jining Municipal Government increases indicated by the Company's greater strategic importance or more policy roles in Jining City; (2) the quality of the Company's investment portfolio materially improves, demonstrated by its higher level of asset liquidity and better recurring cash flow; or (3) the Company's credit metrics improve such as lower debt leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the Jining Municipal Government decreases; (2) the Company materially increases risk exposure to financial businesses; or (3) the Company's credit metrics deteriorate, such as a significant increase in debt burden or a deterioration in liquidity profile.

Key Indicators

Consolidated Level	2023FY	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	18.4	21.4	23.8	26.6
Total Equity (RMB billion)	6.5	9.3	11.1	11.1
Total Revenue (RMB billion)	13.4	14.5	15.3	4.3
Net Profits (RMB billion)	0.3	0.3	0.3	0.1
Return on Equity (%)	4.9	3.2	2.8	-
Holding Company Level (HoldCo)	2023FY	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	6.5	10.1	13.2	15.7
Total Equity (RMB billion)	1.2	2.2	2.2	2.2
Return on Equity (%)	6.9	-3.1	0.6	-
Debt/Investment Income (x)	9.3	22.8	20.4	-
Cash/Short-term Debt (x)	0.2	1.4	0.4	0.5

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

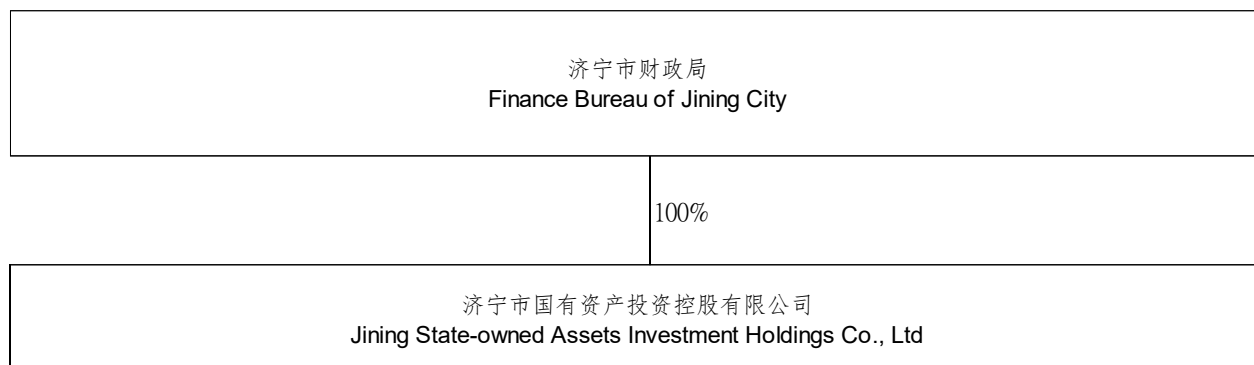
Corporate Profile

Founded in August 2001, JNSI is an investing holding company that is directly owned and controlled by the Finance Bureau of Jining City. The Company has a high strategic position in supporting regional economic development, local industrial base upgrade, and maximizing the value of the state-owned assets, in accordance with the development blueprint of the Jining Municipal Government. The Company participates in four key business segments, including (1) investment and management, (2) logistic and trade, (3) medical and health,

and (4) modern services. The Company is mainly responsible for supporting industrial development by engaging in fund investment and financial services, and also diversifies to other businesses such as trading, policy-oriented grain storage, as well as medical related business.

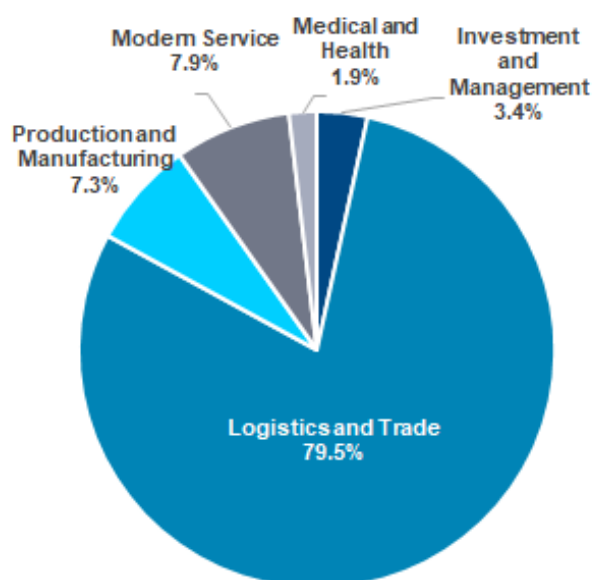
In 2025, JNSI's subsidiary, Jining Huida Investment Co., Ltd. ("Huida Investment"), had 100% of its equity shares transferred out free of charge under government planning, along with all the government-guided funds. As of 31 March 2026, JNSI was 100% owned by the Finance Bureau of Jining City; the Company had total assets of RMB26.6 billion and net assets of RMB11.1 billion.

Exhibit 1. Shareholding chart as of 31 March 2026



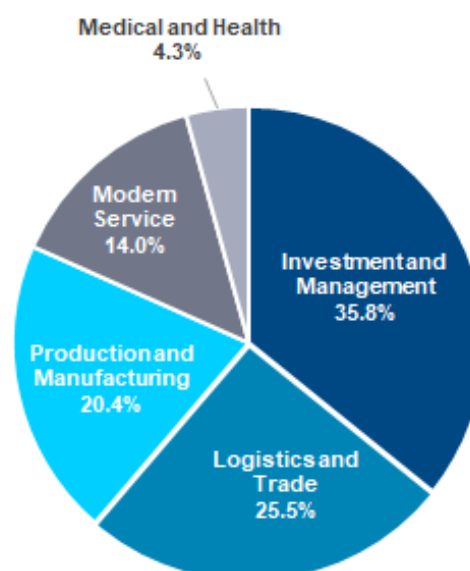
Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Gross profit structure in 2025



Rating Considerations

Investment portfolio in line with the government policies and industrial development in Jining City

JNSI is an important municipal state-owned capital investment and operation company in Jining City, with a high strategic position. The Company is entrusted by the local government to cultivate local industrial development by conducting investments and providing diversified financial services. Since its establishment,

the local government has transferred several privately held equities and state-owned equities to JNSI, continuously supporting its business expansion. The Company invests in equities and funds with a prudent and diversified investment strategy.

JNSI conducts fund investment business through its headquarter and key subsidiaries. After the transfer of Huida Investment, the Company mainly conducts market-oriented investment in industrial investment funds, under the guidance of the local government. For fund investments, JNSI targets to invest in industries that are aligned with the local development such as new materials, medicine, electronic information, and intelligent equipment manufacturing. As of 31 December 2025, the Company mainly participated in 33 funds to conduct investment in the pillar industries of Jining City, with a total fund size of around RMB9.8 billion and more than RMB5.1 billion of paid-in capitals. As of the same date, the Company's paid-in amount in these funds was more than RMB800.0 million.

JNSI adheres to a prudent investment strategy that controls the size of single investment and mainly invests in the projects inside Jining City. Its investment activities are supervised by the Finance Bureau of Jining City. For example, major investment decisions of JNSI are required to report to the Finance Bureau of Jining City. The Company also has geographic and information advantages so that it can be easier to obtain quality projects and better monitor project execution.

Most projects are within the investment period, with uncertainties in investment returns and exit timing

JNSI has good access to quality investments given the support of the Jining Municipal Government. It has invested in several high-quality funds that cover different sectors and companies in Jining City, such as Shandong Superwatt Power Tech Co., Ltd. ("Superwatt Power") and Rokae (Shandong) Robotics Group Inc. These investments are iconic in promoting the conversion of conventional and new energy and are aligned with the government policies.

However, JNSI has a relatively limited history in exit records as most of the investments are still at the early stage of development and their investment returns are yet to be proven. The Company generally has exit plans for its fund and equity investments at the initial investment stage, such as IPO listing or project repurchases. In 2025, the Company realized a total investment income of RMB223.0 million, increasing from investment gain of RMB63.9 million last year. Meanwhile, Superwatt Power, a subsidiary of JNSI, was successfully listed on the National Equities Exchange and Quotations in April 2024, which will have a positive impact on the Company's future consolidated revenue and investment returns. In 2025, Superwatt Power achieved revenues of RMB626.9 million and net profits of RMB50.3 million.

The return on JNSI's investments is also subject to changes of macroeconomics, industry policy and capital market environment, which may exert higher uncertainties on future return. Most of JNSI's projects are at the investment stage which require a long holding period, and the exit of investments is subject to the prevailing conditions in the capital markets and the economy. Moreover, the Company's investment portfolio consists largely of privately held equities and state-owned equities that were freely transferred by the local government, which are considered to be less liquid.

Credit contagion risks from financial businesses

JNSI provides diversified financial services such as guarantees, small-sum loans, pawning and financial leasing, mainly to the local medium and micro enterprises. The Company's layout in the financial business is gradually improving, forming synergies with its fund investment business, which also diversifies the Company's business

risks to a certain extent. However, the Company is exposed to credit contagion risks especially when market conditions of domestic small and medium-sized enterprises are stressed. The Company conducts financial businesses through subsidiaries, namely Jining Caixin Financing Guarantee Group Co., Ltd. (“Caixin Guarantee”), Shandong Huijin Financial Leasing Co., Ltd., Jining City Rencheng District Huixin Microfinance Co., Ltd., and Jining Huicheng Pawn Co., Ltd., adding supplementary income to the Company.

Caixin Guarantee is a local financial guarantor that provides guarantee services to small-to-medium enterprises in Jining City, with a policy aim. It provides services to diverse sectors such as manufacturing, wholesale and retail trade, as well as agriculture. The guarantee business of Caixin Guarantee has grown rapidly since 2021, primarily due to the newly added guarantee projects for small and micro enterprises and entrepreneurial loans by joining the policy-oriented guarantee risk-sharing system. However, in 2025, against the backdrop of stricter regulations and economic downturn, Caixin Guarantee reduced its outstanding guarantees to improve risk control. As of 31 December 2025, the outstanding guarantee liabilities of Caixin Guarantee were approximately RMB8.8 billion. Meanwhile, the Company had provision for reserve of around RMB377.0 million. From 2023 to 2025, Caixin Guarantee has made the repayment compensation of RMB205.8 million in total, with a recovered amount of RMB118.2 million. By joining the provincial policy guarantee system, Caixin Guarantee has cooperated with banks and Shandong Financing Guarantee Group Co., Ltd. for guarantee business which helps lower information cost and detach some of the risk exposure. In recent years, Jining Municipal Government has implemented policies such as providing subsidies that are beneficial to Caixin Guarantee’s guarantee business. It has received subsidies of RMB15.0 million from the local government in 2025, which could mitigate the compensation loss.

JNSI’s other financial services such as financial leasing, small-sum loans, and pawning are still in small scale and recorded low non-performing ratios. Nonetheless, the Company’s financial leasing business showed some expansion, with the balance of financial lease contracts reaching RMB1.2 billion at the end-March 2026, up from RMB577.3 million as of end-2024. As of 31 March 2026, the non-performing loan ratio of the financial leasing business was 0.2%, which are fully secured by sufficient collateral to cover the project investment. Moreover, the Company has already filed a lawsuit against the delinquent payees. Considering the current small business scale, we believe that these financial businesses may require financial support from JNSI such as shareholder lending and capital injection to meet business expansion in the near future. The business risk is expected to increase regarding the increasing operation pressure for regional private-owned enterprises during the broad economic downturn.

Relatively large revenue contribution from trading business with thin gross profit margin

JNSI also engages in trading activities, including international and domestic trading. The trading products mainly includes non-ferrous metals, rubber, coal, cotton, and grains. The Company’s trading business has low price risk as most orders are fulfilled on an on-demand basis and prices are locked. The trading revenue has been increasing over the past three years, which accounts for most of the company’s income. In 2025, the Company generated revenue of RMB12.1 billion from trading business, accounting for around 79.5% of the Company’s total revenue. However, the trading business only generates limited profit margin, and the international trading business face certain concentration risk due to high concentration of procurement and sales from top 5 suppliers and customers.

Apart from trading, the Company also conduct healthcare businesses such as medical device sales, medical services, clinical testing. JNSI owns two hospitals in Jining City, which generated stable operating revenue of

around RMB172.0 million in 2025. With the Completion of the new inpatient building, we expect the revenue from healthcare businesses to increase in the future.

JNSI also provide a series of modern services in Jining City, which include human resources services, transport services, big data applications, energy conservation and environmental protection. These businesses together generated RMB1.1 billion of revenue for the Company in 2025, providing supplementary income to the Company.

Modest financial profile and profitability with relatively high debt leverage

JNSI's financial profile is considered modest due to moderate profitability and increasing debt leverage. The Company's income mainly comes from investment and other operating businesses. It has limited profitability, as evidenced by a low average ROE of around 1.5% at the holding company level over the past three years, with a significant source of income from loan interest income and lease income, with high volatility. Due to higher investment income, the net profit at holding company level turns from negative to positive from 2024 to 2025. Furthermore, the Company has an average ROE of 3.6% at consolidated level over the past three years. In addition, the Company demonstrated moderate stability in its profitability as the Company's profits are highly linked with the earnings and investment income of its financial sector.

Additionally, JNSI has a relatively high debt leverage with rapid growth in debt, driven by its debt-funded business expansion model over the past few years. As of 31 March 2026, it reported a total debt of RMB6.2 billion at holding company level, and a total debt of RMB12.4 billion at consolidated level. It has total capitalization ratio (total debt/total capital) of 74.2% at holding company level, and 52.8% at consolidated level, as of the same date. We expect the JNSI will maintain a moderate debt growth over the next 12-18 months according its investment needs.

Relatively high refinancing needs mitigated by good access to funding channels

The Company has a relatively high short-term debt burden at consolidated level, with its short-term debt amounted to RMB6.8 billion as of 31 March 2026 at consolidated level, representing 54.9% of its total debt. The Company's short-term debt increased to RMB2.4 billion at holding company level, representing 39.1% of its total debt. As of end-2025, the Company had unrestricted cash of RMB1.6 billion, after deducting the restricted cash of RMB2.3 billion, which are unable to cover its short-term debt at consolidated level. The Company shows weak liquidity condition, given its unrestricted cash to short-term debt ratio of 0.3x as of the same date. Overall, the relatively high debt leverage and weak liquidity profile may exert some refinancing pressure on JNSI in the near term.

Nevertheless, the refinancing pressure could be mitigated by its good access to funding channels given its state-owned status. The Company has a sufficient standby liquidity cushion and access to the domestic debt capital market. JNSI has established long-term financing relationships with reliable domestic banks. As of 31 March 2026, the Company had total bank facilities of RMB13.4 billion and undrawn amount of RMB4.8 billion. In addition, the Company issued 5 branches of onshore bonds from 2025 to 2026H1, with a total amount of around RMB1.7 billion. We also expect that the Company will optimize its debt structure through increasing debt duration, which may decrease the proportion in short-term debt.

External Support

High likelihood of support from the Jining Municipal Government

We expect a high likelihood of government support from the Jining Municipal Government to JNSI in times of need. This expectation incorporates our considerations of the Company's (1) direct ownership and ultimate

control by the Finance Bureau of Jining City; (2) clear and solid strategic position of state-owned assets investment and operation in Jining City; and (3) good track record of support from the local government, in terms of subsidies, capital injections, and asset transfers.

Jining Municipal Government has very strong capacity to support local state-owned companies, when necessary, reflected by its status as the 6th largest prefecture-level city ranked by gross regional production in Shandong Province over the past three years, with improving economic and fiscal strength. In 2025, Jining City reported a GRP of RMB612.8 billion, representing a YoY growth of 5.8%. Jining Municipal Government maintains a high degree of control over JNSI's operations, including performance assessment and the appointment of the board of directors and key management personnel. The Company is one of the major municipal state-owned enterprises, each with clear positioning. The Finance Bureau of Jining City monitors the key investment activities of the Company and review and approve important decisions of the Company, including the financing and investment plan. The Company is strictly assessed by the Jining Municipal Government and has to ensure the appreciation of state-owned assets.

The local government has a track record of providing support to JNSI. The local government continuously injected cash, assets, as well as equities of several companies to the Company over the past few years. As of 31 December 2025, the 100% equity interest in Huida Investment has been transferred out, with certain assets have been transferred in. Meanwhile, the paid-in capital of the Company increased to RMB1.9 billion through RMB601 million cash injection by the Finance Bureau of Jining City. The Company's subsidiary Caixin Guarantee also received entrepreneurship guarantee fund of RMB530 million as capital injection. Moreover, the Company received operating subsidies of RMB51.9 million from the local government in 2025. Considering the strong economic and fiscal performance of Jining City as well as the Company's strategic importance in Jining City, we expect the Company will receive more government support within the next 12 to 18 months.

ESG Considerations

JNSI faces few environmental issues as a financial investment-oriented enterprise. The Company has no regulatory penalties have been imposed so far.

As an investment holding enterprise in Jining City, JNSI is also exposed to certain social risks. The Company has a sound employee incentive mechanism and training system, owns a professional and high-quality operation and management team, and has no safety accidents or labor arbitrations with significant impact.

JNSI's governance situations mainly include strategic planning, corporate culture, organizational staffing, financial management, and investment decision-making, which are supported by its established corporate governance structure consisting of shareholders, the board of directors and the management team, as well as a relatively sound corporate governance framework. Moreover, it must meet higher requirements for various internal control systems as its business expands.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Investment Holding Companies \(December 2016\)](#).

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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