Shandong Mingshui Guokai Development Group Co., Ltd.

Summary	
Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	4 November 2026

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'BBB' global scale Long-term Issuer Credit and Issuance Rating of Shandong Mingshui Guokai Development Group Co., Ltd. ("SMGD"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Zhangqiu District ("Zhangqiu government") would provide strong support to SMGD if needed. This mainly considers that the management committee of Mingshui Economic and Technological Development Zone ("Mingshui EDZ"), a local office of the Zhangqiu government, indirectly holds the majority ownership of SMGD, and SMGD's strategic importance as the most important development and operation platform for Mingshui EDZ. The linkage between the local government and SMGD is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe that the local government has a strong willingness to ensure SMGD's business and financial viability in order to safeguard its reputation and local financing activities.

Zhangqiu is a municipal district of Jinan, the capital city of Shandong Province. Zhangqiu's GDP grew by 5.9% year-over-year to RMB136.4 billion in 2025, while the budgetary revenue of the Zhangqiu government grew by 3.2% year-over-year to RMB6.32 billion over the same period. Mingshui EDZ is a national-level development zone in Zhangqiu.

The Stable Outlook reflects our expectation that SMGD's strategic importance would remain intact while the Zhangqiu government will continue to ensure SMGD's stable operation.

Lianhe Global has also affirmed the 'BBB' global scale Long-term Issuance Credit Rating of senior unsecured bonds issued by SMGD. A full list of affirmed issuance ratings is included in this report.

Rating Rationale

Government's Ownership and Supervision: The management committee of Mingshui EDZ indirectly holds 76% shares of SMGD and is the company's ultimate controller. The local government has strong control over the company, including the appointment of senior management and supervision of SMGD's development strategy, major financing plan and investment decisions. In addition, the local government has formulated a performance assessment policy for the company, and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Strategic Alignment: SMGD remains the most important development and operation platform in Mingshui EDZ. The company continues to undertake major infrastructure construction primarily under the agent construction model and industrial park development and operation projects within the zone, while also engaging in property-related activities. Mingshui EDZ, as the only national-level economic and technological development zone in Jinan, continues to occupy a core position in Zhangqiu's economy. SMGD's business operations and strategic planning remain closely aligned with the local government's economic and social development priorities.

Ongoing Government Support: The local government has continued to provide ongoing support to SMGD. In recent years, the local government injected cash, equity of local state-

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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

owned enterprises and other assets into SMGD. The company received operational subsidies of RMB23 million in 2023, RMB135 million in 2024 and RMB121 million in 2025. We expect SMGD to continue receiving ongoing support from the local government in the coming years, given its strategic importance to Zhangqiu and Mingshui EDZ.

SMGD's Financial and Liquidity Position: SMGD's asset size continued to grow to RMB27.4 billion at end-March 2026 from RMB23.9 billion at end-2024, largely attributed to the company's ongoing participation in Mingshui EDZ's project development. The company continued to rely on borrowings to fund its asset expansion. Its total debt increased from RMB10.8 billion to RMB14.9 billion over the same period. In addition, the local government transferred certain projects out of the company on a gratuitous basis, lowering the company's equity to RMB9.1 billion from RMB9.5 billion. As a result, its financial leverage as measured by debt over capitalization rose to 62.0% from 53.0%.

SMGD's short-term debt repayment pressure remained high. At end-March 2026, the company had monetary funds of RMB2.08 billion, of which a substantial portion was restricted, compared with short-term debt of RMB5.1 billion. Yet SMGD maintained access to various financing channels, including bank borrowings, onshore bond issuances and other non-traditional financings, to support its debt repayments and business operations. At end-2025, the company had total bank facilities of RMB19.1 billion, of which RMB6.2 billion was unused.

Rating Sensitivities

We would consider downgrading SMGD's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the local government's ownership of SMGD, or (3) there is a downgrade in our internal credit assessment on the Zhangqiu government.

We would consider upgrading SMGD's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Zhangqiu government.

Full List of Issuance Rating

- CNY845 million 6.9% senior unsecured bonds due 2027 affirmed at 'BBB'
- EUR11 million 6.8% senior unsecured bonds due 2028 affirmed at 'BBB'

Operating Environment

Economic Condition of Zhangqiu

Zhangqiu's GDP reached RMB136.4 billion in 2025, representing a year-over-year growth of 5.9%, compared with 6.0% in 2024. The secondary sector remained the largest part of the economy, at 46.9% of GDP in 2025, while the tertiary sector's share rose to 45.6% from 44.6% in 2024. Fixed asset investment declined by 6.5% in 2025, after growth of 5.9% in 2024. GDP per capita rose to about RMB123,200 in 2025. The resident population was stable at 1.1 million.

As the only national-level development zone in Jinan, Mingshui EDZ has four leading industries: high-end equipment manufacturing, new materials, biomedicine and new information technology. It occupies an important position in Zhangqiu's industrial development.

Zhangqiu's Economic Condition (RMB billion)	2023	2024	2025
GDP	116.5	130.1	136.4
-Primary industry (%)	8.6	7.9	7.5
-Secondary industry (%)	48.5	47.6	46.9
-Tertiary industry (%)	42.9	44.6	45.6
GDP growth rate (%)	6.1	6.0	5.9
Fixed asset investment growth rate (%)	-25.5	5.9	-6.5
Population (million)	1.1	1.1	1.1

Source: Statistics Bureau of Zhangqiu District and Lianhe Global's calculations

Fiscal Condition of Zhangqiu

The budgetary revenue of the Zhangqiu government increased to RMB6.32 billion in 2025 from RMB6.13 billion in 2024, and growth picked up to 3.2% from 1.3%. Tax revenue increased to RMB5.21 billion, and its contribution to budgetary revenue rose to 82.4% from 77.8%. The budget deficit widened to 36.1% in 2025 from 29.6% in 2024, after narrowing in the previous two years. Government fund income fell to RMB1.18 billion from RMB1.47 billion, while transfer payments increased to RMB5.34 billion. Aggregate revenue increased to RMB12.85 billion.

The outstanding debt of the Zhangqiu government continued to increase. At end-2025, outstanding government debt rose to RMB20.55 billion from RMB18.29 billion at end-2024, including general debt of RMB1.57 billion and special purpose debt of RMB18.98 billion, mainly reflecting further issuance of special purpose bonds for local projects. Its government debt ratio, as measured by total government debt to aggregate revenue, rose to 159.9% at end-2025 from 146.4% at end-2024.

Zhangqiu's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	6.05	6.13	6.32
Budgetary revenue growth rate (%)	11.5	1.3	3.2
Tax revenue	4.64	4.77	5.21
Tax revenue (% of budgetary revenue)	76.7	77.8	82.4
Government fund income	0.60	1.47	1.18
Transfer payment	4.50	4.87	5.34
Aggregate revenue	**11.16**	**12.49**	**12.85**
Budgetary expenditure	8.48	7.94	8.60
Budget balance[1] (%)	-40.3	-29.6	-36.1
Government debt ratio (%)	153.1	146.4	159.9

*1 Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*

Source: Financial Bureau of Zhangqiu District and Lianhe Global's calculations

Company Profile

SMGD was established in April 2016 with an initial registered capital of RMB200 million. The management committee of Mingshui EDZ, a local office of the Zhangqiu government, owns 76% of SMGD through the Development Service Center of Mingshui EDZ. Zhangqiu State-Owned Assets Operation Co., Ltd. holds the remaining 24%.

SMGD is mainly responsible for infrastructure construction and industrial park development and operation in Mingshui EDZ. The company also engages in property development and sales, property management, trading and other businesses. Revenue was RMB929 million, RMB973 million, RMB1,702 million and RMB132 million in 2023, 2024, 2025 and the first quarter of 2026, respectively, with gross margin of 23.2%, 33.1%, 26.7% and 44.3%. The higher revenue in 2025 was followed by a much smaller first quarter in 2026, consistent with

the project-based timing of collections and delivery. Recent investment has focused on property development and new energy, including energy storage, and the company has not started new agency-construction projects.

Key Financial Data

(RMB million)	2023	2024	2025	2026.3
Total Assets	19,642	23,940	26,601	27,431
Equity	8,328	9,531	9,231	9,135
Debt	8,361	10,757	13,816	14,921
Debt / (Debt + Equity) (%)	50.1	53.0	59.9	62.0
Unrestricted cash/ST Debts (x)	0.2	0.1	0.2	0.2
Debt/EBITDA (x)	25.6	26.5	27.2	-
Revenue	929	973	1,702	132
Gross Margin (%)	23.2	33.1	26.7	44.3
Cash from sales or services/ Revenue (%)	86.3	111.7	54.9	237.6

Source: SMGD and Lianhe Global's calculations

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