

CCXAP affirms the long-term credit rating of Henan Zhongyu Credit Promotion Co., Ltd. at A_g+, with stable outlook.

Hong Kong, 23 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Henan Zhongyu Credit Promotion Co., Ltd. (“HZCP” or the “Company”) at A_g+, with stable outlook.

The A_g+ long-term credit rating of HZCP is underpinned by the Company’s (1) strong market position as the first credit enhancement company in Henan Province; (2) solid capital base supported by its large state-owned enterprises (“SOEs”) shareholders; and (3) good funding access.

However, the rating is constrained by the Company’s (1) concentrated risk exposure in Henan Province; (2) business development and profitability that are subject to economic and policy changes; and (3) limited operating track record.

The rating also incorporates our expectation that the Company has a high likelihood of government support given its (1) indirect ownership and ultimate control by the Henan Provincial Government; (2) very high strategic importance in optimizing and stabilizing the financial environment of Henan Province; and (3) solid support record from the government and major local SOEs in Henan Province.

Corporate Profile

HZCP was the first provincial credit enhancement company in Henan Province founded under the guidance of the State-owned Assets Supervision and Administration Commission of Henan Provincial Government (“Henan SASAC”) in February 2022. It has a high policy role in facilitating the development of regional direct finance, enhancing the financing abilities of local enterprises, and optimizing the financial environment of Henan Province. HZCP mainly provides traditional credit enhancement services to standardized bond market products, such as Medium-term Notes (“MTN”) and Corporate Bonds. The Company also engages in investment business, mainly in fixed income products.

HZCP is owned by provincial and municipal SOEs. As of 30 September 2025, major shareholders of the Company included Henan Yuzi Urban-Rural Integration Construction & Development Group Co., Ltd. (“HYUG”) (holding 17.5%) and Henan Enterprise Credit Insurance Fund (Limited Partnership) (“Henan Insurance Fund”) (12.5%) and China Pingmei Shenma Holding Group Co., Ltd. (“Pingmei Shenma”) (8.3%). The ultimate controller of the Company is Henan SASAC.

Rating Rationale

Credit Strengths

Strong market position as the first credit enhancement company in Henan Province.

HZCP is the first credit enhancement company established in Henan Province, under the

guidance of the People's Bank of China, the National Association of Financial Market Institutional Investors, and the Henan Provincial Local Financial Supervision Bureau. HZCP has a high strategic role for the local government in preventing systemic financial risk and optimizing the financial environment in Henan Province. It helps assist the government to build a risk sharing mechanism in the province and broaden financing channels for local enterprises with lowering funding costs.

Solid capital base supported by its large SOEs shareholders. HZCP's capital profile is strong which is supported by large capital expansion from local SOEs. These provide the Company with a healthy loss-absorption buffer against unexpected market volatilities. In September 2023, HZCP completed a substantial capital expansion of RMB8.0 billion, which was provided by the key SOEs in Henan Province. After the capital expansion, HZCP's paid-in capital has increased to RMB12.0 billion.

Good funding access. The Company has maintained a good relationship with large domestic banks. As of 31 March 2025, the Company had obtained total bank credit facilities of RMB21.6 billion, with an unutilized amount of RMB15.5 billion. HZCP also stepped into debt capital market in 2024. From January to November 2025, the Company issued 2 tranches of corporate bonds and 1 tranche of Private Placement Notes, totally raising around RMB1.8 billion.

High likelihood to receive government support when necessary. HZCP is likely to receive support from the Chinese Government when necessary. This expectation incorporates our considerations that HZCP has a very important position in the financial system of Henan Province. In addition, the Company has received solid track record of support from the Henan Provincial Government and its key shareholder in terms of capital injection and business expansion.

Credit Challenges

Geographic concentration of guarantee portfolio in Henan Province. HZCP's asset quality is moderate with geographic concentration of its guarantee portfolio mainly in Henan Province, given its strategic position in the region. HZCP's existing customers are mostly constituted by municipal level SOEs, supplemented by high-quality county-level SOEs to capture business growth. It exercises caution in engaging with sectors such as overcapacity industries and real estate.

Business development and asset quality that are subject to economic and policy changes. HZCP's business development and asset quality closely link with local economic and policy changes. Guarantors in China face high competition that may diminish their profitability. The internal capital generation of HZCP remains weak as it has a small scale of revenue and profit. With the development of credit enhancement business, the Company's revenue and net profit increased in 2024, contributed mainly by fixed-income investments.

Declining high liquid asset level. The liquidity risk of HZCP mainly comes from the mismatch between its on-balance sheet assets and off-balance sheet contingent liabilities. The level of liquid resources the Company possess declined over the past years due to the growth in total

assets and the increase in less liquid fixed-income investments. We consider HZCP's liquid resources are moderate with a liquidity ratio (measured by high liquid assets/total assets) of approximately 14.9% as of 30 June 2025.

Rating Outlook

The stable outlook on HZCP's rating reflects our expectation that the willingness and ability of the Henan Provincial Government to provide support is unlikely to change. We also expect the Company to sustain its strategic position and solid financial profile in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government support increases such as higher policy roles or greater strategic importance in Henan Province; and (2) the Company's institution profile has significantly strengthened such as improved profitability, better coverage in potential claims or larger high-liquid asset holdings.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government support decreases such as the weakened strategic importance in Henan Province; or (2) the Company's institution profile deteriorates, such as sharp decrease in capital adequacy or asset quality.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Financial Guarantors \(January 2022\)](#).

Regulatory Disclosures

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