

## **CCXAP assigns first-time long-term credit rating of A<sub>g</sub>+ to Yantai Transportation Group Co., Ltd., with stable outlook.**

Hong Kong, 15 June 2026 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time A<sub>g</sub>+ long-term credit rating to Yantai Transportation Group Co., Ltd. (“YTTG” or the “Company”), with stable outlook.

The A<sub>g</sub>+ long-term credit rating of YTTG is underpinned by the Company’s (1) important strategic role in transportation investment and construction in Yantai City; (2) diversified business portfolio in commercial activities, with competitive advantage in transportation-related areas; and (3) good access to funding.

The rating also reflects a high likelihood of government support from the State-owned Assets Supervision and Administration Commission of Yantai Municipal Government (“Yantai SASAC”) when needed, which is based on the Company’s (1) direct ownership and ultimate control by Yantai SASAC; (2) regional importance in transportation-related public welfare in Yantai City; and (3) solid track record of receiving support from the local government.

### **Corporate Profile**

Established in December 2019, formerly known as Yantai Rail Transit Group Co., Ltd., YTTG is positioned as the most important comprehensive transportation industry group in Yantai City, covering six major areas: transportation infrastructure construction, passenger and freight transport, transportation-related investment, port services, as well as road and bridge engineering. It boasts exclusive operational advantages in the field of transportation investment and construction in Yantai City. In addition, the Company engages in other businesses, including merchandise sales, property sales, asset leasing and operation, and other services. As of 31 March 2026, YTTG was 94.144% owned by Yantai SASAC, while Shandong Caixin Asset Operation Co., Ltd. held the remaining 5.856%. Its ultimate controlling shareholder is Yantai Municipal Government.

### **Rating Rationale**

#### **Credit Strengths**

#### **Important strategic role in transportation investment and construction in Yantai City.**

YTTG serves as the most important comprehensive transportation group in Yantai City, the Company has outstanding advantages in the field of transportation investment and construction. It is the major entity in construction of transportation facilities in Yantai City, covering six major areas: transportation construction, passenger transportation, transportation services, transportation investment, port services, as well as road and bridge construction.

**Supplementary revenue and profit benefited from diversified businesses.** The Company had supplementary income and profit from diversified business segments, including asset leasing and operation, security services, and real estate sales. We believe that the diversified

business portfolio can diversify the Company's business risks, but some of the businesses have exerted certain capital expenditure pressure to the Company.

**High likelihood of support from Yantai Municipal Government.** YTTG had a solid track record of receiving support from the local government, including equity transfer, capital injection, and government subsidies. We expect that, as the most important comprehensive transportation industry group in Yantai City, the Company will continue to receive ongoing supports from the local government over the next 12 to 18 months.

### Credit Challenges

**Relatively weak profitability.** The Company's profitability metrics were relatively weak, as reflected by the improving yet weak return on assets and EBIT margin. Over the past three years, the non-operating gains contribute significantly to total profit, mainly investment income. Considering YTTG's diversified business portfolio and continuous expansion, we expect the Company's revenue to maintain a growth trend, while its profitability is likely to remain weak over the next 12 to 18 months, as the investment payback period for its projects is generally long.

**Rapid debt growth with relatively weak debt serving capability.** Due to the expansion of its business scope and relatively large capital expenditure on its construction development projects, YTTG's total debt has been growing rapidly. Considering the further development of its diversified business and the relatively large capital expenditure on its construction projects, we expect that the Company will rely on external financing to meet its capital expenditure and the total debt level will continue to increase.

**Modest liquidity position mitigated by good access to funding.** YTTG had moderate asset liquidity. As of 31 December 2025, the Company's assets are predominantly equity-based, yet bring in limited investment income. YTTG shows good access to various funding channels, such as bank loans, domestic bond issuance, government special bonds, and non-standard financing, which could mitigate the capital expenditure pressure driven by business expansion and ongoing construction projects.

### Rating Outlook

The stable outlook on YTTG's rating reflects our expectation that the Company will maintain its regional competitiveness and importance in Yantai City and continue to receive ongoing support from the Yantai Municipal Government over the next 12 to 18 months.

#### What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Yantai Municipal Government increases; and (2) the Company's stand-alone credit profile improves significantly, such as a stronger market position and improvement in profitability.

#### What could downgrade the rating?



The rating could be downgraded if (1) the likelihood of support from the Yantai Municipal Government decreases; or (2) the Company's standalone credit quality worsens significantly, including a material drop in credit metrics and poor debt management.

### **Rating Methodology**

The methodology used in this rating is the Rating Methodology for [General Corporate \(May 2026\)](#).

### **Regulatory Disclosures**

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