

## **CCXAP affirms Huantai Jinhai Public Assets Management Co., Ltd.'s long-term credit rating at BBB<sub>g-</sub>, with stable outlook.**

Hong Kong, 26 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Huantai Jinhai Public Assets Management Co., Ltd.’s (“HTJH” or the “Company”) long-term credit rating at BBB<sub>g-</sub>, with stable outlook.

The BBB<sub>g-</sub> long-term credit rating of HTJH reflects Huantai County Government’s strong capacity to provide support and its very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Huantai County Government’s capacity to support reflects its status as one of the top three districts by gross regional product (“GRP”) in Zibo City for years, but constrained by its modest fiscal position.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) key role in infrastructure construction and public services in Huantai County; and (2) good track record of receiving government support. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) fair access to funding; and (3) moderate contingent risks of external guarantees that provided to local state-owned enterprises.

### **Corporate Profile**

Founded in August 2003, HTJH is one of the major local infrastructure investment and financing companies (“LIIFCs”) in Huantai County. The Company mainly takes part in public activities, including infrastructure construction, resettlement housing construction, land transfer, as well as heat supply. HTJH also engages in commercial activities such as engineering construction, property leasing, commodity trade, and industrial park construction and operation. As of 31 March 2026, Shandong Qihuan Investment Holding Group Co., Ltd. (“QHIIH”) was directly and wholly owned 100% shares of the Company, and Huantai County Government was the ultimate controller.

### **Rating Rationale**

#### **Credit Strengths**

**Key role in infrastructure construction and public services.** HTJH is one of the major LIIFCs in Huantai County, with high importance in local development. The Company is authorized to carry out key infrastructure construction projects and provide essential public services to residents. As of 31 December 2025, HTJH has completed 9 major infrastructure projects, including road greening, integration of urban and rural water supply, and ecological garden project, which greatly improved the living environment of local residents and ecosystem. The repayment for all these projects has been completed. Meanwhile, the Company had 5 infrastructure projects under construction, with a total investment amount of RMB7.6 billion and an uninvested amount of RMB1.6 billion. Moreover, the Company conducts the resettlement housing construction through self-operation model. As of 31 December 2025, the Company had 3 resettlement housing projects under construction, with a total investment amount of RMB2.7

billion and an uninvested amount of RMB437.0 million. We expect that the Company's key role in public policy activities will maintain its leading position among the LIIFCs in Huantai County in the foreseeable future.

**Good track record of receiving government support.** The local government continued to provide support to the Company through various forms such as project payments, cash injections, asset injections, equity transfers, and operating subsidies, thereby enhancing the Company's capital strength and increasing operational assets. For example, from 2024 to 2025, the local government provided around RMB421.1 million in operating subsidies for public-policy activities, such as infrastructure construction and heat supply. Moreover, as of 31 December 2025, HTJH had received a total amount of RMB4.4 billion in repayments for the infrastructure construction projects. We expect that the Company will maintain its dominant position in infrastructure construction and the provision of public services in Huantai County, and the local government will continue to support its development when necessary.

#### Credit Challenges

**Medium exposure to commercial activities.** HTJH's major commercial businesses include engineering construction, industrial park construction and operation, property leasing and commodity trade. We believe these market-oriented activities may have higher uncertainty in future income. We estimated that the Company's exposure to commercial activities remained medium, with the commercial assets accounting for around 30% of HTJH's total assets as of end-2025. HTJH owns more than 40 investment properties that generate supplemental income through leasing, yielding rental revenue of RMB124.6 million in 2025. HTJH also engages in the construction and operation of industrial parks. As of end-2025, the Company had 2 industrial park projects completed pending settlement, with a total investment of RMB1.4 billion. Moreover, in 2025, the Company expanded into the leather production and sales business, which generated RMB440.0 million in revenue and accounted for 28.8% of its total revenue, providing supplementary income to the Company's total revenue. This business had a moderate concentration risk, as the top 5 suppliers and customers of the leather business accounted for 49.0% of the total procurement and 48.5% of the total sales in 2025, respectively.

**Fair access to funding.** HTJH has demonstrated fair access to different sources of funding including bank loans, onshore and offshore bond financing as well as non-standard financing. The Company maintains long-term and close relationships with policy banks, state-owned commercial banks, and joint-stock commercial banks. As of 31 December 2025, the Company received total credit facilities of RMB7.4 billion and the available portion amounted to RMB1.1 billion. The Company also has access to onshore and offshore debt capital market. It has issued different financial products in the debt market, such as PPNs, corporate bonds, and ABS. For instance, in 2025, it issued a 5-year onshore bond with a coupon rate of 3.2%, rising RMB600.0 million. In addition, HTJH's exposure to non-standard financing is manageable, accounting for less than 10% of its total debt.

**Moderate contingent risks of external guarantees.** HTJH is exposed to moderate contingent liabilities given the relatively large amounts of external guarantees provided to other local state-

owned enterprises. As of end-2025, the Company's external guarantees amounted to RMB4.4 billion, accounting for 40.4% of its net assets, of which the majority were provided to local state-owned enterprises. The practice of mutual guarantees among local SOEs is common in Huantai County. In case a credit event occurs, the Company may face certain contingent liability risks and cross-default risks.

### **Rating Outlook**

The stable outlook on HTJH's rating reflects our expectation that the Huantai County Government's capacity to provide support will remain stable, and the Company will maintain its key role in local infrastructure construction and public services over the next 12 to 18 months.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) Huantai County Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved debt management or enhanced financing ability.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) Huantai County Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance, deteriorated debt management, or materially increased exposure to commercial activities.

### **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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