

CCXAP upgrades Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.'s long-term credit rating to A_g, with stable outlook.

Hong Kong, 29 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has upgraded Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.’s (“Ronghe Holding” or the “Company”) long-term credit rating to A_g from A_{g-}, with stable outlook. At the same time, CCXAP has upgraded its senior unsecured debt rating to A_g.

The A_g long-term credit rating of Ronghe Holding reflects QDWC New Area Government's very strong capacity and very high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of the local government's capacity to provide support reflects the status of QDWC New Area as the 9th National New Area and the only one focused on marine economy, as well as its strong economic strength and good fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) full and direct ownership by the QDWC New Area Government; (2) strong strategic role in undertaking public policy projects in the development of the QDWC New Area; (3) good track record of receiving government payments; and (4) diversified and stable funding sources from major banks and bond markets. However, the rating is constrained by Company's (1) high exposure to commercial activities; and (2) accelerated debt growth driven by expansion; and (3) risk exposure associated with regional private-owned enterprises during market downturn.

Corporate Profile

Founded in November 2018, Ronghe Holding is one of the two major local infrastructure investment and financing companies (“LIIFCs”) in the QDWC New Area. It was directly and wholly owned by the Qingdao West Coast New Area State-owned Assets Administration Commission (“QDWC New Area SAAC”) as of 31 March 2026. Ronghe Holding has undertaken major infrastructure construction, resettlement housing, and educational projects in the QDWC New Area. It is also involved in commercial activities, including trading, property development, manufacturing, chemical business, and financial services businesses such as small-sum loans, pawning, and leasing.

Rating Rationale

Credit Strengths

Strong strategic role in undertaking public policy projects in the development of the QDWC New Area. Ronghe Holding is one of two pilot state-owned enterprises owned by the QDWC New Area SAAC and mandated by the government to develop the QDWC New Area. The Company is the core entity engaging in local integrating innovation, rural revitalization, as well as conversion of conventional and new energy. In view of its strategic role and business position in the QDWC New Area, we believe that the potential substitution for Ronghe Holding to be low and government support will be highly likely in the near future.



Good track record of receiving government payments. Ronghe Holding has a proven track record of receiving government payments. The Company's infrastructure investments are mostly funded by the local government through special bond funding. The Company also received cash injections, management fees for infrastructure projects, repurchase payments and other cash payments from the government to meet some of the financial needs of its public policy projects. We expect the government will continue to support the Company when necessary, over the next 12 to 18 months, given its strong public policy role and the large scale of public projects under construction and in planning.

Diversified and stable funding sources from major banks and bond markets. Ronghe Holding has multiple financing channels to support its operations and investments, including bank loans, bond issuances, and non-standard financing. Loans from financial institutions accounted for the majority of Ronghe Holding's total debt, mainly provided by diversified domestic banks including policy banks and large state-owned commercial banks. Ronghe Holding also maintained good access to the onshore and offshore debt capital markets.

Credit Challenges

High exposure to commercial activities. Ronghe Holding's exposure to commercial activities remained high with significant capital spending needs and elevated operational risks, which have constrained its rating. The Company's commercial activities include trading, property development, chemical, manufacturing, and financial services. Despite some of these activities that are more policy-driven and related to its public policy businesses, the local government's willingness to provide support may be reduced if its commercial exposure significantly increases, as it becomes more difficult for the government to support Ronghe Holding's commercial activities.

Accelerated debt growth driven by expansion. Due to ongoing investments in its construction projects, JBIH's total debt has continued to increase over the past year. As of 31 December 2025, the Company's total debt (including perpetual bonds) increased to RMB176.6 billion from RMB162.6 billion as of end-2024, while its total capitalization ratio (total debt to total capital) increased from 68.9% to 70.7%.

Risk exposure associated with regional private-owned enterprises during market downturn. Ronghe Holding's large-scale commercial activities also expose it to certain risks related to local privately owned enterprises, which face higher operational risks during market downturns. As of 31 December 2025, the Company's receivables (including account receivables, other receivables and long-term receivables) were mainly from its commercial activities, such as trade and engineering businesses that have a relatively high collection risk. The Company also provides financial services such as small-sum loans, pawning and financial leasing, to local private-owned companies with relatively high asset risks.

Rating Outlook

The stable outlook on Ronghe Holding's rating reflects our expectation that the QDWC New Area Government's capacity to provide support will be stable, and that the Company will

maintain its strategic role in undertaking public policy projects in the QDWC New Area over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) QDWC New Area Government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as consistently increased government payments, materially lowered the exposure to risky commercial activities and improved in debt management and asset quality.

What could downgrade the rating?

The rating could be downgraded if (1) QDWC New Area 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, decreased government payments, or weakened funding capabilities.

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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