

CCXAP affirms Tianfeng Securities Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 30 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Tianfeng Securities Co., Ltd. (“TFS” or the “Company”) at A_g-, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating of A_g-.

The A_g- long-term credit rating of TFS is underpinned by (1) well-established operating environment in China, where the capital market is more mature and highly efficient; (2) the Company’s established franchise in China’s securities market; and (3) increasing business and financial support from TFS’s parent and the Hubei Provincial Government.

However, the rating is constrained by the Company’s (1) remained weak profitability under intensified competition in China’s securities sector; (2) moderate investment risk from proprietary trading portfolio; (3) a moderately high risk appetite as compared with other peers; and (4) weaker liquidity and funding positions.

The rating also reflects TFS’s ownership and control by the Hubei Provincial Government through Hubei Hongtai Group Co., Ltd. (“Hongtai Group”). We expect the Company will receive solid support from the Hubei Provincial Government through Hongtai Group when needed, given its high importance to Hongtai Group and reputational risk to the local government.

Corporate Profile

Founded in March 2000 and headquartered in Wuhan, TFS is a fast-growing medium-sized securities firm in Hubei Province and was listed on the Shanghai Stock Exchange in October 2018 (Stock code: 601162.SH). Its principal businesses include brokerage, investment banking, asset management, research, private equity investment and proprietary trading. TFS aims to provide clients with one-stop financial services through comprehensive business coverage and diversified product offerings. The Hubei Provincial Government is the ultimate owner, holding TFS indirectly through multiple state-owned enterprises, including the Hongtai Group.

In June 2025, the Company completed a private placement of RMB4 billion, which was fully subscribed by its controlling shareholder, Hongtai Group. As of 31 March 2026, Hongtai Group remained the controlling shareholder of TFS by directly holding 28.33% of TFS’s shares and together with its party acting in concert, Wuhan State-owned Capital Investment and Operation Group Co., Ltd. (“Wunhan SCIO”), held 35.65% of TFS’s shares in aggregate.

Rating Rationale

Credit Strengths

Well-established operating environment in China, where the capital market is more mature and highly efficient. TFS is domiciled in China and derives most of its revenue from China. The Chinese capital market has sustained robust, high-quality development, solidifying



its position as the world's second-largest capital market by outstanding debt securities and equity market capitalization after years of steady expansion.

Established franchise in China's securities market. TFS maintains a well-established franchise in China's securities market with a diversified product portfolio spanning securities brokerage, investment banking, proprietary trading (self-operated investments), asset management, private equity, and overseas operations. The firm operates as a national securities company through an extensive network of branches, securities outlets, and wholly owned or controlled subsidiaries across China. In addition, international business development, geographic reach, and integrated business model generate meaningful synergies and reinforce the Tianfeng brand.

High likelihood of receiving parental and government support when needed. We expect a high level of support for TFS from the Hubei Provincial Government through Hongtai Group when needed. This is based on the high strategic importance of TFS to Hongtai Group and the increasing ties between the two parties. In addition, if Hongtai Group fails to support TFS, it would bring reputational risks to the Hubei Provincial Government. Hongtai Group is the only financial holding company that is directly and wholly owned by the Hubei Provincial Government.

Credit Challenges

Remained weak profitability under intensified competition in financial sector. TFS's earnings are inherently exposed to China's capital market cycles, primarily through its proprietary trading activities. While the Company delivered a clear improvement in 2025, returning to profitable with modest revenue growth, the results remain volatile, driven by market movements, valuation changes, and the timing of investment decisions.

Moderate investment risk from proprietary trading portfolio. The Company's financial performance is to a certain extent correlated with the change in China's capital market due to its exposure to proprietary trading business. The Company's proprietary trading revenue fluctuated greatly in recent years. Proprietary trading continues to be the largest source of earnings volatility. The combination of investment income and fair value changes remained sensitive to equity prices, interest rates, credit spreads, and the Company's positioning.

A moderately high-risk appetite as compared with other peers. TFS's risk appetite is moderately high as compared with other peers. The Company reported a risk asset to total asset ratio of 40.9% as of 31 December 2025, comparing to that of 36.5% at end-2024. Risk assets are mainly measured by the financial assets reported as level 2 or level 3 in the hierarchy, whose values are determined based on limited observable inputs or subjective financial models. TFS's investment book contains a proportion of investments in illiquid securities and these investments might entail larger tail risk in extreme market conditions and bring challenges to its risk management ability.

Weaker liquidity and funding positions. TFS has seen weaker liquidity and funding positions over the last year. Short-term funding remained a core part of TFS's liability structure, providing flexibility but also introducing refinancing risk. Moreover, TFS's refinancing may face volatility

when the capital market is under stress. The Company's short-term funding mainly consisted of financial asset repurchases and short-term debts from other financial institutions that are highly market-sensitive.

Rating Outlook

The stable outlook on TFS's rating reflects our expectation that the Company will maintain a strong market position in China's securities market. We also expect it to receive more support from its parent and the government in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the willingness and ability of Hongtai Group and the Hubei Provincial Government to support the Company strengthen; (2) the Company's business profile improves and becomes resilient across market cycles with a stronger market position; and (3) the Company's credit metrics improve, such as pre-tax margin and risk to total assets ratio, on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if (1) the willingness and ability of Hongtai Group and the Hubei Provincial Government to support the Company weaken; (2) the macroeconomics or capital market environment deteriorates significantly in China that harms the Company's profitability and asset quality; or (3) financial position weakens such as the increase in leverage or eroded liquidity and funding.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Securities Industry \(August 2017\)](#).

Regulatory Disclosures

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