Credit Opinion

29 June 2026

Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.

Surveillance credit rating report

Ratings	
Senior Unsecured Debt Rating	A_g
Long-Term Credit Rating	A_g
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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

Summary

CCXAP has upgraded the long-term credit rating of Qingdao West Coast New Area Ronghe Holding Group Co., Ltd. ("Ronghe Holding" or the "Company") to A_g from A_g-, reflecting the stronger capacity to provide support from Qingdao West Coast New Area ("QDWC New Area"), driven by QDWC New Area's ongoing economic growth, and remarkable progress in marine industrial development and accelerated industrial upgrading, which will translate into enhanced support for the Company.

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.

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.

Rating Drivers

- Strong strategic role in undertaking public policy projects in the development of the QDWC New Area
- Undertaking major public policy activities in mandated areas, with sufficient project reserves
- Good track record of receiving government payments
- Diversified and stable funding sources from major banks and bond markets
- High exposure to commercial activities
- Risk exposure associated with regional private-owned enterprises during market downturn

Rating Sensitivities

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.

Key Indicators

	2023FY	2024FY	2025FY
Total Assets (RMB billion)	234.9	268.9	284.6
Total Equity (RMB billion)	63.9	75.9	76.1
Total Revenue (RMB billion)	49.5	54.6	56.1
Total Debt/Total Capital (%)	69.2	68.9	70.7

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

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.

Exhibit 1. Shareholding chart as of 31 March 2026

Qingdao West Coast New Area State-owned Assets Administration Commission
青岛西海岸新区国有资产管理局

100%

Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.
青岛西海岸新区融合控股集团有限公司

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

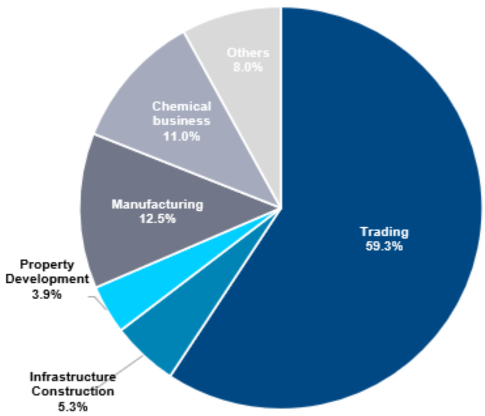
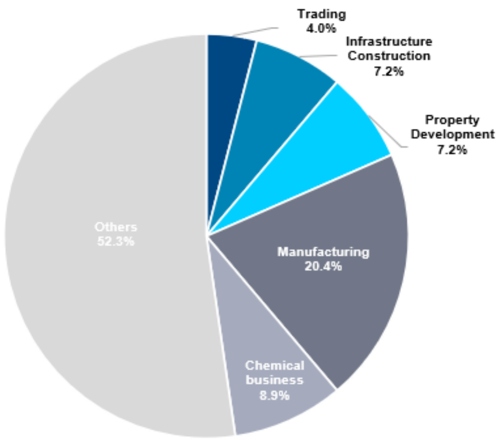


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the local government of the QDWC New Area has a very strong capacity to provide support given the status of QDWC New Area as the ninth National New Area and the local government's strong economic strength and good fiscal metric.

Shandong Province is the third-largest province in China by GRP, with a solid industrial foundation in industries such as logistics, shipbuilding, marine technology, chemical, automotive and agri-food. Qingdao City is one of the five cities in China that are under separate state planning and is the strongest city in Shandong in terms of economic size and average income level. In 2025, Qingdao City's GRP increased by 5.4% year-over-year("YoY") to RMB1,756.1 billion, ranking 1st in Shandong Province and 13th among China's municipalities. Qingdao City also has strong fiscal strength and good fiscal metrics. In the past three years, its general budgetary revenue covered 77.9% of its general budgetary expenditure on average, and tax income accounted for 72.0% of its general budgetary revenue on average. As of end-2025, the Qingdao Municipal Government's outstanding debt increased to RMB526.1 billion, accounting for 30.0% of the GRP.

Exhibit 4. Key economic and fiscal indicators of Qingdao City

	2023FY	2024FY	2025FY
GRP (RMB billion)	1,576.0	1,671.9	1,756.1
GRP Growth (%)	5.9	5.7	5.4
General Budgetary Revenue (RMB billion)	133.8	133.9	134.1
General Budgetary Expenditure (RMB billion)	171.9	172.0	171.9

Local Government Debt (RMB billion)	362.0	438.3	526.1

Source: Qingdao Municipal Government, CCXAP research

The QDWC New Area (Huangdao District) is the ninth national new area established with the approval of the State Council of China in 2014. It is an important and advanced manufacturing base and an emerging marine industry cluster. It has cultivated and formed 6 major industrial clusters, namely automobile manufacturing, home appliances and electronics, petrochemicals, marine engineering, machinery and equipment, and shipping and logistics, while also having more than 10 functional areas. In recent years, the QDWC New Area Government has focused on marine economic development. In 2025, there are 3 new provincial-level modern marine industrial clusters were approved. Thereby, the GRP by marine industry increased to RMB225.6 billion in 2025, contributing 40.8% to the district's GRP. Meanwhile, in 2025, the Jineng Qizi Bay offshore photovoltaic project commenced construction, the world's first 150,000-ton intelligent aquaculture vessel, "Guoxin No. 1 2-1" was officially delivered, the Gangtou Wanbang ore terminal was completed, and the China Shipbuilding ammonia fuel engine project went into operation. Qingdao Port's cargo and container throughput increased by 4.1% and 6.4% respectively, maintaining its 4th and 5th position globally.

In 2025, the GRP of the QDWC New Area increased by 5.2% YoY to RMB553.4 billion, accounting for over 30% of Qingdao's GRP. Its comprehensive strength ranks among the top three of the 19 national-level new areas in China, ranking 3rd among National New Areas in China, after Pudong New Area and Binhai New Area, and it has been recognized as a district with remarkable achievements in high-quality development in Shandong Province for six consecutive years. In addition, the QDWC New Area had a good fiscal balance and debt profile, with a high general budgetary revenue-to-expenditure ratio of 93.6% and a moderate direct government debt-to-GRP ratio of 14.1% as of 31 December 2025. Meanwhile, tax income is a stable and important source of the general budgetary revenue, averaging at 75.4% over the past three years. However, regional State-Owned Enterprises ("SOEs") are under considerable debt pressure.

Exhibit 5. Key economic and fiscal indicators of the QDWC New Area

	2023FY	2024FY	2025FY
GRP (RMB billion)	500.3	526.1	553.4
GRP Growth (%)	6.0	5.8	5.2
General Budgetary Revenue (RMB billion)	23.2	23.2	23.2
General Budgetary Expenditure (RMB billion)	23.6	22.0	24.7
Local Government Debt (RMB billion)	61.4	67.4	78.1

Source: Statistics Bureau of QDWC New Area, CCXAP research

Government's Willingness to Provide Support

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 under the QDWC New Area SAAC and is mandated by the government to develop the QDWC New Area. The Company is the core entity engaged in local integrated innovation, rural revitalization, and the conversion of conventional and new energy. It holds a prominent position in the QDWC New Area and undertakes a significant share of local public projects, such as infrastructure construction and resettlement housing. The Company participates in local infrastructure construction across four key functional areas, including the Qingdao Economic and Technological Development Zone, the Qingdao Guzhenkou Military-civilian Integration Innovation Demonstration Zone, the Qiaotoubao Business Zone, and the China-Japan Cooperation Demonstration Zone. Ronghe Holding is currently the third-largest LIIFC in Qingdao City and the largest LIIFC in the QDWC New Area by asset size. 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. The success of the QDWC New Area is also important to the municipal and national strategy.

Undertaking major public activities in mandated areas, with sufficient project reserves

Ronghe Holding’s primary public activities include construction projects for roads, schools, and resettlement housing in the QDWC New Area, which cooperate with the local government’s investment promotion plans. These projects are essential to local economic development and provide benefits to the general public as well as local employment. The Company has completed a wide range of important infrastructure projects, including the construction or upgrade of educational buildings, sewage treatment plants, heat source plants, and resettlement housing. However, the payment collection progress of completed projects was relatively slow. As of end-2025, the amount invested in these completed projects was RMB11.9 billion, with a planned repayment of RMB17.6 billion, of which RMB5.4 billion has been received.

Ronghe Holding mainly engages in infrastructure construction through the agency construction model. The government will pay the total cost plus a few percentage points in markup after examining the projects, according to the agreement signed by the two parties. The Company has a pipeline of construction projects and sufficient project reserves, which could ensure the sustainability of the Company’s business but could also place certain capital expenditure pressure on the Company. Key construction projects in the QDWC New Area include the Wangtai New Motion Energy Industrial Base, the Municipal Roads Construction in the Transformation Development Area, the QDWC New Area Traffic and Business District Infrastructure Construction Project, and several educational infrastructure projects. As of 31 December 2025, the total investment for projects under construction was RMB44.9 billion, with an outstanding balance of RMB2.0 billion. Meanwhile, the Company had some school expansion projects under planning, with an estimated investment of RMB519.0 million.

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 help meet the financial needs of its public policy projects. The visibility of payment mechanisms is expected to improve, as the Company has signed payment contracts with the government for some educational infrastructure construction projects, and the total and annual payments have become more transparent.

In 2025, the local government further injected cash of RMB12.8 million to the Company, increasing its paid-in capital to RMB1.3 billion as at end-2025. However, as part of regional restructuring, the Company transferred out its subsidiary, Qingdao West Coast Health Industry Development Group (“Health Industry Group”) in May 2025, without consideration. This transaction resulted in a decrease in the Company's capital reserve by RMB3.4 billion. Nevertheless, the Company received government special bonds from the local government totaling around RMB471.0 million, which partially replenished the capital reserve. The Company also received RMB719.6 million in government operational subsidies in 2025. 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.

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 being 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 increases significantly, as it becomes more difficult for the government to support Ronghe Holding's commercial activities.

Ronghe Holding's commodity trading business has expanded over the years, with a wide range of products, mainly including copper, non-ferrous metals, coal, agricultural products, and building materials. Copper and non-ferrous metals remained as the largest source of trading revenue over the past three years. In 2025, due to the Company proactively managed the volume of its trading operations, the trading revenue decreased from RMB37.2 billion in 2024 to RMB33.2 billion. Due to the business nature, the gross profit margin remained at relatively low, at around 0.6% in 2025. The large trading volume exposes the Company to price risk and counterparty risk. Meanwhile, the concentration in upstream and downstream industries remained moderate, at 27.5% and 20.8% of total procurement and total sales, respectively.

Ronghe Holding also develops residential, commercial, and industrial properties in the QDWC New Area. The Company has an advantage in securing high-quality local real estate projects and can generate decent profits from property sales. As of 31 December 2025, the Company had 11 real estate projects on the market, with an overall sales rate exceeding 50%. These projects represent a total investment of RMB9.5 billion, with RMB6.9 billion having been recovered. Among them, three projects are completed in 2025, with an average sales rate of 35%. At the same time, the Company had 8 major property projects under construction with a total planned investment of RMB8.9 billion and outstanding investment of RMB1.5 billion. Most of these projects have begun pre-sales, with total sales revenue of RMB4.6 billion by the end of 2025. The Company also had 1 property project in the planning stage, with an estimated investment of RMB1.0 billion. In addition, the Company had 2 land parcels in reserves totaling 79,889 square meters. We consider the property development business will be at risk due to the current instability in the property market. The Company also operates some property projects for leasing, such as schools, hotels, commercial centers, and logistics buildings. Ronghe Holding's school projects are leased to the government under long-term tenancy agreements, which are considered to carry relatively low business risk. In 2025, the Company received rental payments of RMB145.0 million.

The Company also entered the chemical business in 2023 through the acquisition of Shida Shinghwa Advanced Material Group Co., Ltd. ("Shida Shinghwa", stock code: 603023.SH), thereby expanding the Company's business scope. This business is primarily engaged in the production and sale of basic organic chemicals, including carbonate ester products, lithium hexafluorophosphate, and special additives for electrolytes. In 2025, all construction projects were completed, thereby increasing Shida Shinghwa's production capacity. As a result, the revenue from chemical business increased to RMB6.2 billion in 2025, up from RMB4.9 billion in 2024, accounting for approximately 11.0% of the Company's total revenue. Meanwhile, the profitability remained moderate, with a gross profit of 6.8%, up from 5.7% YoY.

Ronghe Holding is engaged in manufacturing businesses such as marine, concrete, casting, and high-end equipment production. In recent years, the revenue from manufacturing segment has continued to grow. In 2025, it further increased by 33.9% YoY to RMB7.0 billion, mainly due to market recovery and active business expansion. Meanwhile, this segment contributed for 20.4% of the Company's total gross profit, with a gross profit margin of 13.7%. The Company's manufacturing businesses are mainly guided by the QDWC New Area Government, with the aim of supporting the development of local industries.

In addition, the Company participates in some industrial funds and makes equity investments to support the development of local emerging industries. The equity investment is mainly focused on agriculture and new materials industries. The Company plans to exit its investments through IPO listing or project repurchases. However, most of the investments require a long holding period, which may expose the Company to larger investment and execution risks.

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 reported total receivables (including accounts receivable, other receivables, and long-term receivables) of RMB24.3 billion, up from RMB20.6 billion, mainly from its commercial activities, such as trade and engineering businesses, which carry a relatively high collection risk. For example, in 2025, the Company made a bad debt provision of RMB606.5 million for Yantai Manoir Heat Resistant Alloys Co., Ltd. Moreover, the Company also provided external guarantees of around RMB125.3 million to local privately owned enterprises, which accounted for approximately 0.2% of its net assets as of end-2025.

The Company also provides financial services, such as small-sum loans, pawning, and financial leasing, to local privately owned companies with relatively high asset risk. The Company no longer participates in the guarantee business, as its operating subsidiary has been deconsolidated since September 2025. The non-performing ratio of financial leasing increased to 34.5% at the end of 2025, mainly due to the reduced base amount caused by the decrease in financial lease receivables balance. Meanwhile, for customers who are currently overdue, there are risk mitigation provided by leased assets and other collaterals. The Company is pursuing recovery through judicial means or asset transfer. For the small-sum loans business, the total amount of non-performing assets of the loans was RMB401.7 million as of end-2025. The Company plans to further reduce the scale of its small-sum loans in the future. Apart from renewing loans for a portion of its existing quality customers, the Company does not intend to extend new loans to new customers. In addition, the Company engaged in the pawning business. In 2025, its net loan disbursements were RMB180.0 million, and the non-performing assets amounted to RMB380.0 million, with non-performing ratio of 83.6%. All of the Company's pawnshop business is secured by collateral or pledges, and the Company is pursuing recovery through negotiation or legal proceedings.

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. 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%. At the same time, its short-term debt accounts for 40.4% of total debt, with a cash to short-term debt ratio of 0.4x, indicating certain short-term repayment pressure. Among them, loans from financial institutions accounted for the majority of Ronghe Holding's total debt, mainly provided by diversified domestic banks including policy banks such as China Development Bank, the Export-Import Bank of China, and large state-owned commercial banks such as Bank of China, Industrial and Commercial Bank of China Limited, which are stable sources of funding. In addition, as of 31 December 2025, the Company obtained total credit facilities of RMB138.3 billion, of which RMB40.7 billion were undrawn.

Ronghe Holding maintained good access to the onshore and offshore debt capital markets. It has issued different financial products in the onshore bond market, such as commercial papers, MTNs, private placement notes, and asset-backed notes. For instance, from January 2025 to May 2026, the Company (excluding its subsidiaries) raised around RMB9.6 billion in the onshore bond market, with coupon rates ranging from 1.69% to 2.96%. As at end-May 2026, the Company had 6 outstanding offshore RMB bonds, with an outstanding amount of USD479.0 million. In addition, it had moderate exposure to shadow banking lending, which accounted for around 10%-15% of its debt as of 31 December 2025, and mainly consisted of financing leasing, loans from trusts, and asset management firms. Nevertheless, this exposure is manageable as the Company has clear internal controls over high-cost financing channels and maintains moderate costs in non-standard products.

ESG Consideration

Ronghe Holding assumes environmental risks through its infrastructure construction projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

Ronghe Holding is involved in educational infrastructure construction and surrounding support facilities, which help the government to attract targeted talent to build an International Ocean Talent Port. The Company is also exposed to social risks as a public services provider. Demographic changes, public awareness, and social priorities shape the government’s target for Ronghe Holding and affect the government’s propensity to support the Company.

Ronghe Holding’s governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Structural Consideration

Ronghe Holding’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strategic role in undertaking public policy projects in the QDWC New Area, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China’s Local Infrastructure Investment and Financing Companies (July 2022).

Appendix

Exhibit 6. Key functional areas of the QDWC New Area

Source: Company information, CCXAP Research

Exhibit 7. Peer comparison

	Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.	**Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.**
Long-Term Credit Rating	A_g	A_g-
Shareholder	Qingdao West Coast New Area State-owned Assets Administration Commission (100%)	Qingdao West Coast New Area State-owned Assets Administration Commission (100%)
Positioning	Key entity to focus on the provision of major infrastructure construction, resettlement housing and educational projects in the QDWC New Area	Key entity to carry out major infrastructure construction and primary land consolidation projects in the QDWC New Area.
Total Assets (RMB billion)	284.6	218.9
Total Equity (RMB billion)	76.1	70.3
Total Revenue (RMB billion)	56.1	57.3
Total Debt/Total Capital (%)	70.7	66.5

All ratios and figures are calculated using CCXAP's adjustments based on financial data as of 31 December 2025.

Source: Company information, CCXAP research

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