Credit Opinion

13 July 2026

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

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Qingdao Ronghui Fortune Investment Holding Group Co., Ltd.

Surveillance credit rating report

CCXAP upgrades Qingdao Ronghui Fortune Investment 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 Ronghui Fortune Investment Holding Group Co., Ltd. ("QDRH" or the "Company") to A_g from A_g-, reflecting the stronger capacity to provide support from Shibei District Government, driven by Shibei District's ongoing economic growth and good fiscal quality, which will translate into enhanced support for the Company.

The A_g long-term credit rating of QDRH reflects Shibei District Government's (1) very strong capacity to provide support, and (2) extremely high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Shibei District Government's capacity to provide support reflects Shibei District's sound economic and fiscal strength, with a gross regional product ("GRP") exceeding RMB130.0 billion.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) key role in the industrial and urban development in Shibei District, (2) good track record of government support such as receiving shantytown assets and equity transfer, and (3) good access to diversified funding sources. However, the rating is constrained by the Company's (1) moderate exposure to commercial activities, and (2) increasing debt burden and moderate asset liquidity.

The stable outlook on QDRH's rating reflects our expectation that Shibei District Government's capacity to provide support will be stable, and the Company will maintain its key role in industrial and urban development in Shibei District over the next 12 to 18 months.

Rating Drivers

- Key role in the industrial and urban development in Shibei District
- Moderate exposure to commercial activities
- Good track record of receiving government support
- Increasing debt burden and moderate asset liquidity
- Good access to diversified funding sources

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) Shibei District Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support such as reduced exposure to commercial activities, or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Shibei District Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as a reduction in the importance of its policy role, or a deterioration in its financing ability.

Key Indicators

	2023FY	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	72.3	75.1	76.5	80.0
Total Equity (RMB billion)	28.0	28.4	28.5	28.3
Total Revenue (RMB billion)	10.1	8.3	7.4	2.3
Total Debt/Total Capital (%)	57.6	59.4	59.5	61.7

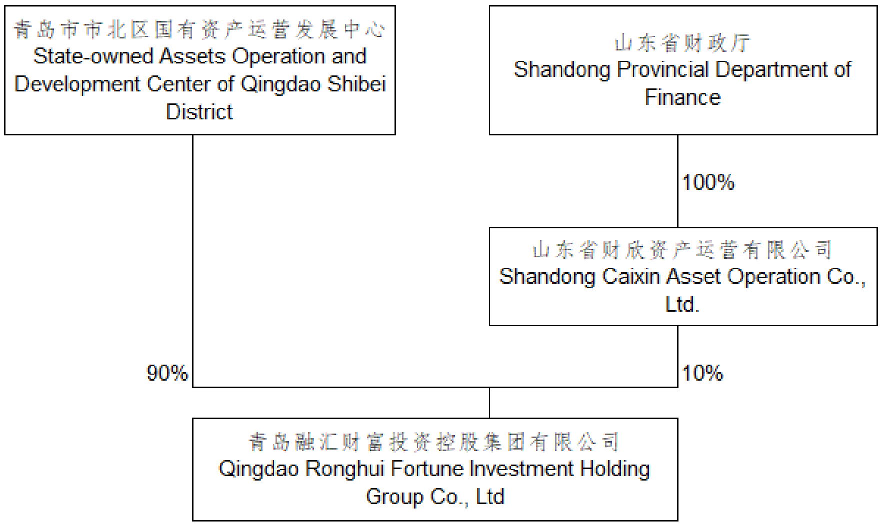
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 2019, QDRH is one of the primary local urban construction and operation entities that focuses on urban investment and operations, as well as industrial services in Shibei District, Qingdao City. QDRH is engaged in land consolidation and development, infrastructure construction and shantytown development in Shibei District. It also undertakes commercial activities such as property development, property leasing, trading and financial investment. As of 31 March 2026, QDRH was 90.0% owned by the State-owned Assets Operation and Development Center of Qingdao Shibei District ("Shibei SAODC") and 10.0% owned by the Shandong Caixin Asset Operating Co., Ltd. Its ultimate controller was the Shibei SAODC.

Exhibit 1. Shareholding chart as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

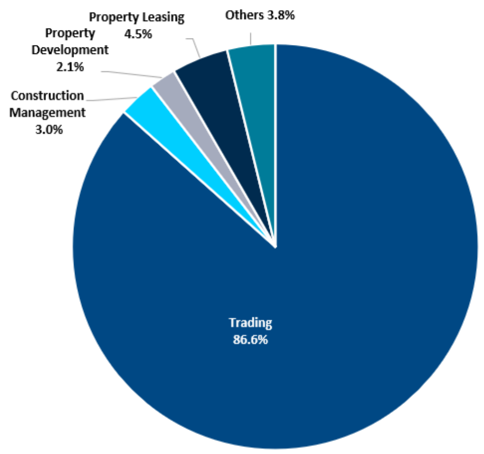
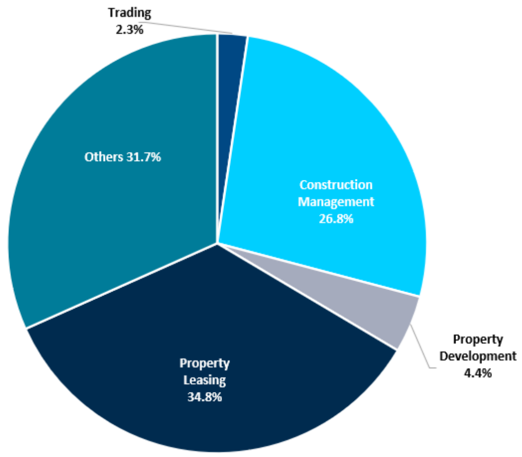


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that Shibei District Government has a very strong capacity to provide support, based on its sound economic fundamentals and fiscal strength.

Shandong is the third largest province in China by GRP, with a solid industrial foundation in industries such as logistics, shipbuilding and marine technology, chemicals, 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% YoY to RMB1,756.1 billion, ranking first in Shandong Province. 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)	1,567.0	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	171.2
Local Government Debt (RMB billion)	362.0	438.3	526.1

Source: Qingdao Municipal Government, CCXAP research

Located along the coast of Jiaozhou Bay, Shibei District is one of the main urban areas of Qingdao, and the core area for promoting the construction of an international shipping, trade, and financial innovation center. Benefited from its abundant human resources and a vast consumer market, tertiary industries such as the beer and textiles industries have developed rapidly and contributed significantly to the local economy. With good business environment for privately-owned companies, the number of listed companies in Shibei District ranks first among districts and counties in Qingdao City, such as Tsingtao Brewery Company Limited, Qingdao Eastsoft Communication Technology Co., Ltd. and Qingdao Guolin Technology Group Co., Ltd. In recent years, Shibei Distict focused on key industries to attract investment, mainly including artificial intelligence, urban industry, port and shipping services, commerce and trade, medical and health care, and distinctive cultural tourism. Meanwhile, it introduced 125 projects worth over RMB100 million throughout 2025, including Guangte Haizhi Marine Technology (Qingdao) Co., Ltd. and Hubei Xinqing Technology Co., Ltd.

In 2025, Shibei District achieved a GRP of RMB131.8 billion, representing a YoY growth rate of 5.0%. Moreover, Shibei District Government remains good fiscal metrics. Over the past three years, the fiscal balance ratio (general budgetary revenue/general budgetary expenditure) has exceeded 100.0%, indicating strong fiscal self-sufficiency. The tax income is a stable and important source of Shibei District Government's general budgetary revenue. In 2025, tax income accounts for 89.2% of its general budgetary revenue, ranking 1st among all counties/districts in Qingdao City. Its average fiscal stability ratio over the past three years was 90.4%. As of the end of 2025, its outstanding direct government debt reached RMB17.1 billion, accounting for 13.0% of its GRP.

Exhibit 5. Key economic and fiscal Indicators of Shibei District

	2023FY	2024FY	2025FY
GRP (RMB billion)	121.8	125.7	131.8
GRP Growth (%)	6.2	4.8	5.0
General Budgetary Revenue (RMB billion)	9.6	8.6	9.1
General Budgetary Expenditure (RMB billion)	7.2	5.2	5.3
Local Government Debt (RMB billion)	10.4	13.6	17.1

Source: Shibei District Government, CCXAP research

Government's Willingness to Provide Support

Strong strategic position as the key urban developer in Shibei District

QDRH is one of the primary urban construction and operation entities in Shibei District, with a strong strategic position under the local government's planning. There are other LIIFCs in Shibei District, including Qingdao Shibei Construction Investment Group Co., Ltd. ("SBCI") and Qingdao Huanhaiwan Investment and Development Group Co., Ltd. ("Huanhaiwan Group"). SBCI is positioned as an urban operator that specializes in urban renewal, investment and operations. Huanhaiwan Group is responsible for infrastructure construction and operation in the Cruise Port Core Area. QDRH is positioned as a main entity in Shibei District that undertakes financial services, industrial investment, as well as urban development and construction, including infrastructure construction. It is responsible for land consolidation and secondary development such as construction of factories, office buildings and commercial development in Shibei District. As of 31 December 2025, QDRH's total assets achieved RMB76.5 billion, ranking first among three LIIFCs in Shibei District. Overall, considering its strategic significance to the development of Shibei District, we believe that the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

Large investments in infrastructure and land consolidation that support local urban and industrial development

QDRH is one of the main entities in Shibei District, providing infrastructure construction such as resettlement housing and shantytown construction. It conducts the business by signing construction agreements with the government or entrusted parties. As of 31 March 2026, the Company completed shantytown construction projects with a total investment of RMB3.2 billion, pending government repurchases. The Company also directly develops and sells resettlement housing to residents affected by land demolition at market prices. The profitability of the resettlement housing projects is relatively weak and relies on the sales of additional housing, shops or surrounding facilities to the market. As of end-March 2026, the Company has concluded its investment in resettlement housing projects. The Company currently has no plans to undertake new resettlement housing projects. At the same time, the Company had 1 key infrastructure construction project under construction, namely the stadium optimization project, with a planned total investment of RMB450.0 million and an outstanding investment of RMB146.1 million.

QDRH also engages in land primary development through its subsidiaries, including relocation, land clearance, land leveling, and construction of supporting facilities. The Company completed several land consolidation projects related to the removal of old factories and industrial zones, which have helped urban planning optimization and industrial upgrading in Shibei District. The Company had not recognized any income from land consolidation for the period from 2025 through the first quarter of 2026, as there were no completed projects during that period. As of 31 March 2026, the Company had 7 land development projects under construction, with a total investment of RMB6.8 billion and an outstanding investment of RMB3.2 billion. Among them, the land primary development project in the International Big Health Industry Zone has the largest planned investment. It is a designated important industrial zone in Shibei District, focusing on medical services, elderly care, health management, medical education, health product research and development, and related supporting facilities. At the same time, the Company had no land consolidation projects under planning.

Moderate exposure to commercial activities

QDRH is engaged in diversified commercial activities including trading business, property development, property leasing and financial investment. While the commercial activities generate supplemental income, they may also pose higher operating and business risks than traditional infrastructure construction business. QDRH relies on external financing to support the development of its commercial activities. Based on our assessment, the Company's exposure to commercial business remained moderate, with commercial assets accounting for approximately 30% of total assets as of end-March 2026.

QDRH develops commercial housing, shops, and office buildings and generates income through sales or leasing. As of end-March 2026, the majority of the Company's completed projects were sold or leased out. At the same time, there were 8 key projects under construction, with a total investment of around RMB9.2 billion and an outstanding balance of around RMB2.3 billion, exerting capital expenditure pressure on the Company.

These properties are expected to be used for rental and sale after completion to achieve fund balancing. In addition, the Company had no property projects under planning as of end-March 2026. In 2026, the Company disposed of a non-performing property development company. The Company is also involved in property leasing business and obtains the leasing asset through self-constructions and acquisitions. In 2025, two self-built properties were completed construction and started to be leased out. As of 31 March 2026, most of its leasing assets were leased out, with an average occupancy rate of around 79.0%. In 2025 and the first quarter of 2026, the Company achieved rental income of RMB334.5 million and RMB48.5 million, respectively.

The Company also purchased an unfinished commercial property from a local private-owned property developer in 2023, named Aorun International Project, with a total investment of RMB2.0 billion and an outstanding amount of RMB529.6 million as of end-March 2026. The project will be built into a five-star hotel complex integrating functions of business conferences, leisure and entertainment, and tourism and vacation, aiming to help with the overall improvement of the Happy Coastal City Area. This project is expected to achieve fund balancing through the lease and sale of the office building, hotel, and apartment. Since the Company’s property sales are easily affected by the market conditions, together with large initial and future investments, the cash collection and investment return are uncertain.

QDRH has established funds to invest in strategic emerging industries, including medical health, advanced manufacturing, new energy, artificial intelligence, new-generation information technology, aerospace, and advanced manufacturing. It invests in companies' equity through its established funds or cooperates with other government-related entities and investment institutions to form sub-funds. As of end-March 2026, the Company has managed 8 mother funds with assets under management of approximately RMB5.8 billion, with accumulated investment return of RMB451.0 million. The funds exit mainly through the secondary market or shareholder buyback. A long investment period with uncertain returns may expose the Company to high business risk. In addition, the Company participated in fund investments as a limited partner to support the development of emerging industries, with a subscribed capital of RMB1.4 billion and a paid-in capital of RMB1.1 billion, accumulating an investment return of RMB150.0 million. Moreover, the Company had completed 34 equity investment projects, exiting investments totaling RMB2.5 billion through major shareholder buybacks, share transfers, and secondary market sales, realizing a cumulative investment return of RMB231.0 million.

QDRH’s trading business mainly focuses on building materials and non-ferrous metals. The trading business accounts for a large portion of its revenue but yields a minimal profit margin. In 2025, this segment reported a revenue of RMB6.4 billion, accounting for 86.6% of total revenue, with a low gross profit margin of 0.3%. The Company strictly screens its customers through careful credit evaluation and collects payment in advance. Its downstream customers consisted of state-owned enterprises and private companies with relatively good dispersion. The Company stores non-ferrous metals with reputable warehousing companies and uses derivatives on public markets to hedge price risk. The concentration rates for both upstream and downstream customers maintained moderately high at around 50% by the end of 2025.

Good track record of receiving government support

As a major entity undertaking public activities in Shibei District, QDRH has a solid track record of receiving government support in various forms, including capital and asset injections, financial subsidies, and government payments for construction projects. Since its establishment, the Shibei District Government has transferred equity in several companies to the Company, thereby expanding the Company’s business scope and strengthening its capital base. In 2025, the local government further injected construction funding into the

Company, increasing the capital reserve by RMB138.5 million. Meanwhile, the Company continued to receive operating subsidies of approximately RMB2.2 million in 2025.

The Company is expected to continuously receive government payments for its land consolidation and construction activities. Some of the repayment is visible as a related agreement signed with the local government. According to the repurchase agreement, the local government will repurchase the shantytown assets with a total investment of RMB3.2 billion. However, the land consolidation is easily affected by fluctuations in the land market and the progress of land transfer. Apart from that, the local government continued to provide financial support to alleviate the Company’s financing pressure, including injecting special bond funds and project initial funds, as well as on-lending loans for the shantytown projects from China Development Bank.

Given the Company’s strategic importance in Shibei District, we believe that the Shibei District Government will continue to provide QDRH with ongoing operational and financial support.

Increasing debt burden and moderate asset liquidity

QDRH’s debt burden has been increasing over the past years, as the businesses expand. As of 31 March 2026, the Company’s total debt (including perpetual debt) increased to RMB44.8 billion from RMB40.9 billion as of end-2024. The total capitalization ratio, as measured by total debt to total capital, rose to 61.7% from 59.4% over the same period. At the same time, the Company had relatively high short-term debt burden with the short-term debt accounting for 37.8% of the total debt. In addition, the liquidity profile remained weak, with a cash to short-term debt ratio of around 0.3x as of end-March 2026, indicating that its cash balance was insufficient to cover its short-term debt. Considering the ongoing investment in projects under construction and increase in investment in commercial activities, such as commercial building construction and financial investment, we expect the Company may rely on external financing and its total debt level will continue to increase in the next 12 to 18 months.

Besides, QDRH’s asset liquidity remained moderate. As of 31 March 2026, the Company’s inventories,investment properties, account receivable and other receivable accounted for 69.3% of the total assets. The Company’s inventories mainly include costs of land consolidation, property development, and shantytown assets transferred by Shibei District Government, which are considered low liquidity. The Company’s receivables mainly include receivables from trading, property development and leasing, as well as uncollected project payments from the local government and other state-owned enterprises in Shibei District. In addition, the investment properties are mainly self-owned property assets under lease, generating additional cash flow to the Company. However, the Company's capital reserves comprise a substantial number of government special bonds and project capital received for construction projects, which require attention for future disposal and impact on the Company's equity. Furthermore, the Company pledged a number of assets for loans, accounting for 17.1% of total assets as at end-2025.

Good access to diversified funding sources

The Company’s large investment needs and short-term debt pressure could be partially supported by its good refinancing ability. QDRH has good access to various sources of funding, including banks and the bond market. It has maintained good relationships with large domestic banks, including national joint-stock commercial banks and state-owned large commercial banks. As of end-March 2026, it had total credit facilities of approximately RMB32.7 billion with an unused portion of around RMB4.5 billion. QDRH is also active in onshore debt capital market. The Company and its subsidiary, SBUD, issued different financial products in the onshore bond market such as SCPs, corporate bonds, MTNs and private placement notes. For instance, the Company issued a tranche of 3-year private bond in the onshore market in March 2026, raising RMB1.0 billion with coupon rate 2.15%. In addition, QDRH maintained a relatively low exposure to non-standard financing, accounting for less than 5.0% as of end-March 2026.

ESG Considerations

QDRH bears environmental risks through its land consolidation, infrastructure and property development projects. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during the construction phase.

The Company is also exposed to social risks as a public services provider in Shibei District. Demographic changes, public awareness, and social priorities shape government's targets for QDRH, or affect the government's propensity to support the Company.

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

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. Peer Comparison

	Qingdao Ronghui Fortune Investment Holding Group Co., Ltd.	Qingdao Shibei Construction Investment Group Co., Ltd.
Long-Term Credit Rating	A_g	A_g
Shareholder	State-owned Assets Operation and Development Center of Qingdao Shibei District (90%) and Shandong Caixin Asset Operating Co., Ltd. (10%)	State-owned Assets Operation and Development Center of Qingdao Shibei District (100%)
Positioning	Key entity in the industrial and urban development in Shibei District	Key urban operator, focusing on urban investment and operations in Shibei District
Total Assets (RMB billion)	76.5	59.9
Total Equity (RMB billion)	28.5	19.3
Total Revenue (RMB billion)	7.4	23.0
Total Debt/Total Capital (%)	59.5	68.7

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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