Credit Opinion

13 August 2026

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

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Zhuhai Jingkai Investment Holding Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g- to Zhuhai Jingkai Investment Holding Group Co., Ltd., with stable outlook.

Summary

The A_g- long-term credit rating of Zhuhai Jingkai Investment Holding Group Co., Ltd. ("Zhuhai Jingkai" or the "Company") is underpinned by the Company's (1) status as the sole state-owned capital investment and operation platform in Zhuhai Economic Development Zone ("Zhuhai EDZ"); and (2) moderately diversified business mix.

However, the rating is constrained by the Company's (1) small revenue scale with weak profitability; (2) moderate debt burden with high short-term repayment pressure; and (3) prepayment risks in the supply chain business, with high supplier concentration and significant exposure to private-owned counterparties.

The rating also reflects a high likelihood of support from the local government, which is based on the Company's (1) full ownership and ultimate control by the Zhuhai EDZ Comprehensive Office; (2) strategic importance as the sole state-owned capital investment and operation platform in Zhuhai EDZ; and (3) solid track record of receiving support from the local government.

The stable outlook on Zhuhai Jingkai's rating reflects our expectation that, for the next 12 to 18 months, the Company will maintain its strategic position as the sole state-owned capital investment and operation platform in Zhuhai EDZ, continue to benefit from the favorable regional economic environment, and receive ongoing support from the local government.

Rating Drivers

- Important state-owned enterprise and sole state-owned capital investment platform in Zhuhai EDZ
- Moderately diversified business mix, with certain repayment risks in supply chain business
- Small revenue scale with weak profitability
- Moderate debt burden with high short-term repayment pressure
- Modest credit metrics, partially mitigated by adequate standby liquidity
- High likelihood of support from the local government

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the local Government increases; and (2) the Company's stand-alone credit profile improves significantly, such as stronger market position and improvement in profitability.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the local Government decreases; or (2) the Company shows weakened access to funding and deteriorated debt profile.

Key Indicators

	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	27.2	28.4	28.8
Total Equity (RMB billion)	15.6	15.6	15.6
Total Revenue (RMB million)	315.5	934.5	265.6
Net Profits (RMB million)	-95.2	-163.9	-18.8
EBIT Margin (%)	-2.6	8.3	-
Return on Assets (%)	-0.03	0.3	-
Total Debt/Total Capital (%)	34.0	36.2	36.8
Total Debt/EBITDA (x)	328.1	54.8	-
EBITDA/Interest (x)	0.2	0.6	-
FFO/Total debt (%)	-1.0	-1.0	-

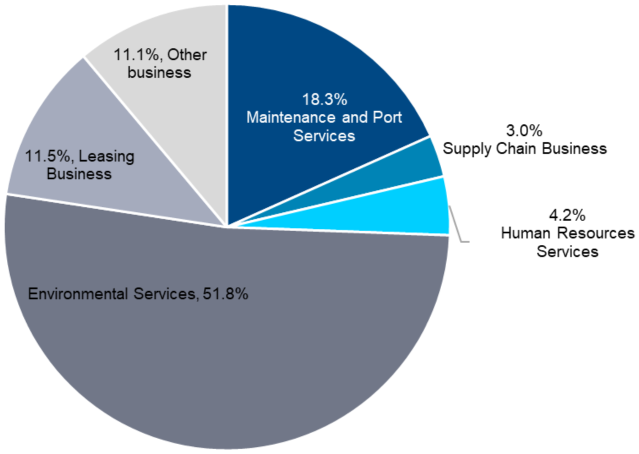
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in May 2024, Zhuhai Jingkai is the sole state-owned capital investment and operation platform in Zhuhai EDZ, a national economic development zone. The Company primarily engages in businesses related to environmental protection, leasing, cargo port services, human resources services, supply chain management, and maintenance engineering, all centered around the functions and leading industries of the Zhuhai EDZ. As of 31 March 2026, the Company was wholly owned by the Zhuhai EDZ Comprehensive Office, which is a section chief level institution under Zhuhai EDZ.

Exhibit 1. Revenue structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Business Profile

Sole state-owned capital investment and operation platform in Zhuhai EDZ

As an important state-owned enterprise and the sole state-owned capital investment and operation platform in Zhuhai EDZ, the Company holds a critical position in this national economic development zone. Its environmental protection service capacity determines the environmental carrying capacity and safety baseline of Zhuhai's chemical industry, and a core supporting enterprise for the marine petrochemical industry, particularly in chemical hazardous waste disposal and industrial wastewater treatment.

The Company plays a core role in preserving and enhancing the value of state-owned assets, operations management, industrial cultivation and development, and industrial structure adjustment. Zhuhai Jingkai undertakes investment and financing functions for infrastructure, industrial supporting facilities, and industrial investment operations within the zone.

Moderately diversified business mix, with prepayment risks in supply chain business

Zhuhai Jingkai maintains a diversified business portfolio spanning environmental protection, supply chain trading, human resources services, port services, property leasing, and other segments. The Company's environmental protection business, operated through subsidiaries Huihua Environmental Protection Technology Co., Ltd. ("Huihua Environmental") and Zhuhai Huihua Ecological Environment Co., Ltd. ("Huihua Ecology"), is the core revenue contributor, accounting for 51.8% of the Company's total revenue in 2025. The business mainly encompasses hazardous waste collection, storage, harmless treatment, resource utilization, as well as industrial wastewater treatment. In 2025, Huihua Environmental generated revenue of RMB380.0 million, though net profit was negative at RMB2.9 million, primarily due to declining collection and transportation prices for harmless treatment. Huihua Ecology operates three wastewater treatment facilities with a combined daily capacity of 60,000 cubic meters, processing 14.1 million cubic meters in 2025. The first wastewater plant, as Zhuhai's first centralized industrial wastewater treatment facility, has nearly reached full capacity. The second plant, serving the equipment manufacturing zone, operates at approximately 75% utilization. A planned Phase II expansion with a total investment of RMB204.0 million (RMB112.0 million invested as of end-2025) will add 20,000 cubic meters per day of treatment capacity. In 2025, the wastewater treatment business generated revenue of RMB49.5 million.

The Company's supply chain business, whose revenue is recognized on a net basis, is primarily conducted through Huihua Industrial Co., Ltd. ("Huihua Industrial") focusing on zinc ingots and other non-ferrous metals. The Company acts as the Guangdong regional general distributor for Mengzi Mining & Metallurgy Co., Ltd., with logistics managed by the supplier and delivery at Foshan Nanchu Warehouse. However, what is noteworthy is that the business exhibits high concentration risk. In 2025, the top five suppliers accounted for 100% of total procurement, with the largest two suppliers (both zinc ingot suppliers) representing 97.9% combined. Similarly, sales to the top five customers accounted for 100% of supply chain sales. Notably, both major customers and suppliers are primarily private enterprises, and the Company maintains significant prepayment levels to these counterparties. Some suppliers have negative public sentiment regarding their financial health and face liquidity constraints, warranting close monitoring of prepayment risks to private enterprises.

In addition, the Company's human resources services, operated through Huihua Human Resources Services Co., Ltd., serve as the only district-level state-owned comprehensive human resources service provider in Zhuhai EDZ. The Company provides talent recruitment, labor dispatch, training, and HR consulting services to government agencies, public institutions, and well-known enterprises. By the end of 2025, the Company had cumulatively served over 100 enterprises and more than 10,000 person-times. In 2025, this business generated revenue of RMB39.7 million.

The Company's port services business, operated through Huihua Infrastructure Investment Co., Ltd., serves as the collection and management entity for cargo port fees in Zhuhai Gao Lan Port Area. The Company collects port fees on behalf of the government, distributes agent service fees to terminal operators, and retains a 5% management fee. The remaining funds are earmarked for public channel construction, maintenance, and dredging. In 2025, this business generated revenue of RMB101.0 million.

Property leasing generated RMB108.0 million in 2025, with key assets including residential properties, commercial spaces, school facilities, customs supervision facilities, and talent housing, with occupancy rates ranging from 69% to 100%. Notably, the Company's real estate development business has experienced low selling rates. Completed projects (Wanpan Garden and Huihua Waterside Garden) with a combined investment of RMB2.7 billion have achieved cumulative sales of only RMB148.0 million. The Company has adopted a combined rental-and-sales strategy, with Huihua Waterside Garden achieving over 95% occupancy for rental units. The under-construction Huihua Lingfeng Garden project has a planned investment of RMB2.5 billion with RMB1.6 billion invested as of end-March 2026.

Zhuhai Jingkai operates several other business segments that contribute to revenue diversification. Maintenance engineering contributed RMB69.7 million in revenue, primarily from highway maintenance in Gao Lan Port Area. The pipeline corridor business, operating a 24-kilometer corridor connecting petrochemical storage and chemical zones, generated RMB30.8 million. The Company's financial investment business, operated through Huihua Financial Investment and Huihua Leasing, has cumulatively deployed RMB433.0 million in factoring and RMB196.0 million in leasing. Notably, the factoring business has accumulated approximately RMB0.2 billion in impairment provisions, with most non-performing assets having been provisioned.

Financial Profile

Small revenue scale with weak profitability

The Company's revenue scale is relatively small and profitability remains weak. From 2024 to 2025, total revenue increased from RMB315.5 million to RMB934.5 million, with environmental protection business being its largest revenue source (51.8% of revenue). The Company's gross profit margin improved from 16.7% in 2024 to 20.4% in 2025, reflecting a healthy margin level. However, the Company's profitability is significantly eroded by high period expenses, particularly financial expenses. In 2025, the period expense ratio was 35.1% (down from 44.71% in 2024), with financial expenses being the primary component due to the Company's substantial debt burden and predominantly expensed interest costs. In addition, fair value changes in investment properties and credit impairment losses from the factoring business also affect its profit quality. As a result, the Company's operating business profit remained in a loss position at RMB-153.9 million in 2025 (vs. RMB-98.3 million in 2024). Total net loss widened to RMB163.9 million in 2025 from RMB95.2 million in 2024.

The Company's EBIT margin is weak, improved from -2.6% in 2024 to 8.3% in 2025, turning positive due to investment property fair value gains of RMB16.2 million and reduced impairment losses. In addition, the Company's assets have weak profitability as investment properties, inventories, and other non-current assets together constitute a very high proportion of total assets, and the shoreline use rights are subject to government restrictions, resulting in low return on assets of 0.3% in 2025.

Moderate debt burden with high short-term repayment pressure

Driven by project investment and financing needs, the Company's total debt has continued to grow. At end-March 2026, Zhuhai Jingkai's total debt reached RMB9.07 billion, with a moderate total capitalization ratio of 36.8% and bank loans and bond markets being its main access to funding. In addition, the Company has relatively high short-term repayment pressure. The short-term debt accounted for 39.8% of total debt, and the unrestricted cash to short-term debt ratio was only 0.4x, indicating limited coverage of short-term obligations.

Modest credit metrics, partially mitigated by adequate standby liquidity

The Company's long-term debt servicing metrics is weak. In 2025, its EBITDA was RMB161.0 million, primarily composed of interest expenses, resulting in an EBITDA interest coverage ratio of only 0.6x. Total debt/EBITDA was 54.8x in 2025, improving from 328.1x in 2024. Operating cash flow remains insufficient to cover interest payments.

The Company's debt repayment relies heavily on external financing and shareholder capital injections. As the sole state-owned capital investment and operation platform in Zhuhai EDZ, the local government has provided the Company with strong capital support and resource guarantee. As of end-March 2026, the Company had total bank credit facilities of RMB18.1 billion, with RMB9.1 billion undrawn, providing adequate standby liquidity.

External Support

High likelihood of support from the local government

We expect Zhuhai Jingkai has a high likelihood of receiving support from the local government when needed. This expectation incorporates our considerations of the Company's (1) ultimate control by the Zhuhai EDZ Comprehensive Office; (2) strategic significance in promoting industrial development in Zhuhai EDZ and serving as the city's sole core hub for the petrochemical industry; and (3) solid track record of receiving support from the local government.

Zhuhai City, as one of China's earliest special economic zones, maintains prominent locational advantages with strong regional economic and fiscal strength. The city's gross regional product ("GRP") reached RMB457.3 billion in 2025, ranking 6th among all prefecture-level cities in Guangdong Province. Per capita GDP of RMB181,600 ranked 2nd in the province. General budgetary revenue reached RMB49.4 billion in 2025, with a solid tax revenue base of 68.2%. The region maintains a favorable refinancing environment with no bond default events.

Zhuhai EDZ, as a national-level economic development zone, possesses platforms including the Gao Lan Port Comprehensive Bonded Zone and a national-level chemical industrial park. The zone has formed a “3+2” modern industrial system with three leading clusters and two characteristic emerging industries (electronic information and smart home appliances). In 2025, the zone’s industrial output value contributed nearly one-quarter of the city’s total with only 4% of the city’s land area. Therefore, we believe that the local government has very strong capacity to provide support.

The Company holds a critical position as the sole state-owned capital investment and operation platform in Zhuhai EDZ. It is the only state-owned enterprise in Zhuhai with comprehensive hazardous waste disposal capability, and a core supporting enterprise for the marine petrochemical industry, particularly in chemical hazardous waste disposal and industrial wastewater treatment. Its environmental protection service capacity determines the environmental carrying capacity and safety baseline of Zhuhai’s chemical industry.

The Zhuhai EDZ Comprehensive Office maintains an extremely high degree of control over the Company’s operations, including business strategy formulation and appointment of the board of directors and key management personnel.

Since its establishment, the Company has received substantial support from the government in the form of equity transfers, capital injections, asset contributions, and business resource allocation. The Zhuhai EDZ Comprehensive Office transferred its 78.41% equity interest in Huihua Holdings to the Company, injected cumulative cash of RMB225.0 million since 2025, and plans to continue supporting the Company by coordinating regional resources for increased registered capital, quality asset injection, and optimal resource allocation.

ESG Considerations

The Company is subject to environmental laws and regulations governing waste treatment, hazardous substance handling, water discharge, and other environmental matters. The Company’s environmental protection business, while inherently involving environmental risks through its waste treatment operations, also serves as a critical environmental infrastructure provider for the region. Such risks could be mitigated by conducting environmental impact assessments, maintaining proper handling protocols, and close regulatory compliance during operations. The Company has not received any environmental regulatory penalties to date.

The Company is also exposed to social risks as an important state-owned enterprise and the sole state-owned capital investment platform in Zhuhai EDZ. Demographic changes, public awareness, and social priorities shape the government’s development strategy for the zone, which in turn affects the government’s propensity to support the Company. In its operations, the Company actively fulfills its social responsibilities as a state-owned enterprise, particularly in providing essential environmental infrastructure services, supporting local employment through human resources services, and contributing to regional industrial development.

The Company’s governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its status as a government-owned entity. The Company has been in substantive operation for a relatively short period, and its governance framework continues to mature. However, it should be noted that in September 2024, the Company’s former Chairman was investigated and transferred to procuratorial organs for suspected serious violations of discipline and law related to bribery. Overall, we assess the Company’s internal control system and governance structure as acceptable.

Rating Methodology

The methodology used in this rating is the Rating Methodology for General Corporate (May 2026).

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

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