

Lianhe Global has assigned 'A-' global scale Long-term Issuer Credit Rating with Stable Outlook to Zhengding State-owned Assets Holding and Operating Group Co., Ltd.

HONG KONG, 31 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Zhengding State-owned Assets Holding and Operating Group Co., Ltd. (“ZSAHO” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Zhengding County, Shijiazhuang City (“Zhengding government”) would provide very strong support to ZSAHO if needed, in light of its indirect full ownership of ZSAHO, ZSAHO’s strategic importance as the sole local investment and development company (“LIDC”) that is responsible for urban development and operation and infrastructure construction in Zhengding County, Shijiazhuang City (“Zhengding”), and the linkage between the Zhengding government and ZSAHO, including approval of the senior management appointment, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Zhengding government may face significant negative impact on its reputation and financing activities if ZSAHO encounters any operational and financial difficulties.

Zhengding is a core urban county under the jurisdiction of Shijiazhuang City, Hebei Province. Zhengding’s GDP grew by 5.6% to RMB38.8 billion in 2024, while its budgetary revenue reached RMB5.8 billion in 2024.

The Stable Outlook reflects our expectation that ZSAHO’s strategic importance would remain intact while the Zhengding government will continue to ensure ZSAHO’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The Zhengding government indirectly holds the full ownership of ZSAHO through Zhengding Industrial Investment Holding Group Co., Ltd. The local government has the final decision-making authority and supervision over the company, including approval and supervision of the senior management, strategy alignment and major investment and financing plan decisions, etc.

Strategic Importance and Strategic Alignment: ZSAHO serves as the sole entity for industrial development and urban operation in Zhengding. It undertakes functions including regional environmental sanitation management, urban infrastructure construction and industrial investment, providing vital support for local economic growth and labor employment. The company engages in diversified core businesses, covering supermarket operation, supply chain sales, tourism services, sand and gravel sales, leasing, and sanitation maintenance.

These businesses drive the development of key sectors such as regional commerce, cultural tourism, and urban infrastructure. Closely aligned with the local government's goals of tapping tourism potential, upgrading industrial chains, and improving urban governance, it highlights ZSAHO's strategic significance in advancing Zhengding's development.

Ongoing Government Support: ZSAHO benefits from favorable conditions that facilitate project acquisition and resource access in Zhengding. Besides, the local government provided ongoing support to ZSAHO by injecting cash, equity of local SOEs, and other assets into the company between 2022 and the first nine months of 2025. The government injected RMB265.8 million in 2023 and RMB1.1 billion in 2024 into ZSAHO's paid-in capital through monetary capital injections. The company also received operational subsidies totaling RMB147.0 million over the same period. We expect YJDG to receive ongoing support from the local government in the future considering its strategic importance in Zhengding.

ZSAHO's Financial Matrix and Liquidity Position: ZSAHO's total assets increased steadily from RMB12.5 billion at end-2023 to RMB16.9 billion at end-September 2025, driven by expansion of its business scale and ongoing asset injections from the Zhengding government. ZSAHO's total debt has been on an upward trend over the past few years, increasing to RMB4.4 billion at end-September 2025 from RMB1.2 billion at end-2023. The company's financial leverage, as measured by the debt-to-capitalization ratio, increased to 28.7% from 11.3% during this period, yet it remained relatively low.

ZSAHO's short-term debt servicing pressure was low. At end-September 2025, the company had a cash balance of RMB1.6 billion, while its debt due within one year was RMB1.5 billion. ZSAHO mainly relies on external financing and has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayments and business operations. The company has unused bank facilities of RMB3.9 billion at end-March 2025.

Rating Sensitivities

We would consider downgrading ZSAHO's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the local government's ownership of ZSAHO, or (3) there is a downgrade in our internal credit assessment on the Zhengding government.

We would consider upgrading ZSAHO's rating if there is an upgrade in our internal credit assessment on the Zhengding government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)

The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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