Credit Opinion

18 November 2026

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

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Yancheng Haixing Holding Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Yancheng Haixing Holding Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Yancheng Haixing Holding Group Co., Ltd. ("Haixing Holding" or the "Company") reflects (1) the Yancheng Municipal Government's very strong capacity to provide support; and (2) the local government's high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the local government's capacity to support reflects Yancheng City's growing economic and fiscal strengths, with good industrial development. Yancheng Yellow Sea New Area ("Yancheng YSNA") is an important modern industrial base in Yancheng City that mainly develops integrated energy, advanced steel, new materials, medical science, marine biology and advanced logistics.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) full ownership and ultimate control by the Yancheng Municipal Government; (2) important role in urban development and operation in Yancheng City, particularly in Yancheng YSNA; and (3) good track record of receiving government support.

However, the rating is constrained by the Company's (1) high risk exposure to commercial activities; (2) high investment needs that drive growing debt amount; and (3) moderate asset liquidity.

The stable outlook on Haixing Holding's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important role in the economic and social development of Yancheng YSNA over the next 12 to 18 months.

Rating Drivers

- Important role in urban development and operation in Yancheng City, particularly in Yancheng YSNA
- Good track record of receiving government support
- High risk exposure to commercial activities
- High investment needs and moderate asset liquidity

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decreased risk exposure to commercial activities and enhanced financing ability.

What could downgrade the rating?

The rating could be downgraded if (1) the local 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 reduced regional significance, weakened financing ability or material deteriorated contingent risks.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	71.7	76.2	79.5	78.2
Total Equity (RMB billion)	41.4	41.8	42.3	40.5
Total Revenue (RMB billion)	4.5	3.8	4.3	2.1
Total Debt/Total Capital (%)	36.9	39.5	41.0	43.7

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

Source: Company data, CCXAP research

Corporate Profile

Established in 2012, Haixing Holding is one of the major local infrastructure investment and financing companies ("LIIFCs") in Yancheng City and is directly and wholly owned by the Yancheng Municipal Government. In 2024, the Yancheng Municipal Government transferred 100% of the shares of Yancheng Haixing Group Co., Ltd. ("Haixing Group") to the Company, and Haixing Holding became the first-class municipal-level enterprise under the Yancheng Municipal Government. Haixing Holding is mainly responsible for resource integration and utilization in the coastal region of Yancheng City, including infrastructure construction in Yancheng YSNA, as well as harbor-city investment and development and industrial investment. As a harbor development zone, Yancheng YSNA occupies an important position in the development of northern Yancheng City with its industrial base of the integrated energy, advanced steel, new materials and medical science.

Exhibit 1. Revenue structure in 2025

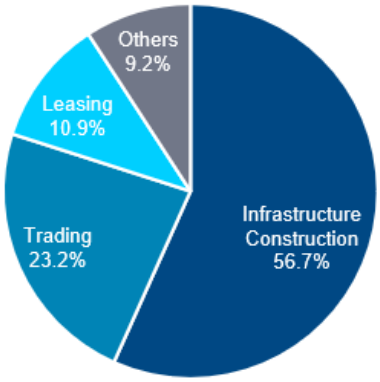
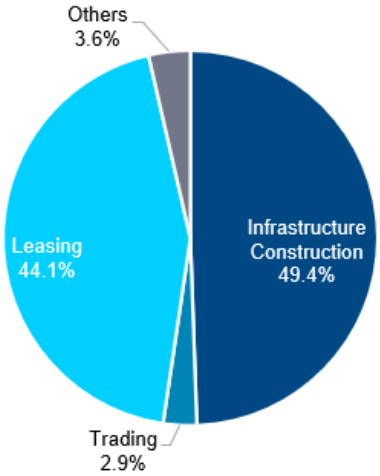


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Yancheng Municipal Government has very strong capacity to provide support given its good economic fundamentals and fiscal strengths as well as sustainable industrial development.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2025, its total GRP amounted to RMB14.2 trillion, a year-over-year ("YoY") increase of 5.3%. The per capita GRP also ranked top among all provinces in China for years. In the first two quarters of 2026, Jiangsu Province realized a GRP of RMB7.0 trillion, up by 5.2% YoY.

Yancheng City is a prefecture-level city in Jiangsu Province, with a good economic foundation. Based on its advantageous traditional industries including autos, textiles, steel, and chemical industries, Yancheng City is undergoing an economic transition and is developing emerging industries such as new energy vehicles and core components, new energy, new generation information technology, new materials, big health and digital economy and ocean economy industries, which help support sustainable economic growth in the long run. In 2025, Yancheng City achieved a GRP of RMB804.5 billion with a YoY growth rate of 5.4%. In the first half of 2026, Yancheng City realized a GRP of RMB396.8 billion, up by 5.2% YoY. The general budgetary revenue increased annually on the back of steady economic growth and optimized upgrading of the industrial structure. In 2025, the Yancheng Municipal Government achieved general budgetary and tax revenue of RMB51.6 billion and RMB34.7 billion, respectively. However, the fiscal balance ratio (calculated by general budgetary revenue over general budgetary expenditure) remained moderate, with a 3-year average ratio of 43.3%. As of end-2025, the local government's outstanding debt increased to RMB209.2 billion, accounting for around 26% of GRP.

Exhibit 3. Key economic and fiscal indicators of Yancheng City

	2023FY	2024FY	2025FY
GRP (RMB billion)	740.4	777.9	804.5
GRP Growth (%)	5.9	5.5	5.4
General Budgetary Revenue (RMB billion)	48.3	49.6	51.6
General Budgetary Expenditure (RMB billion)	122.8	113.7	109.9
Local Government Debt (RMB billion)	165.5	196.2	209.2

Source: Statistics Bureau of Yancheng City, CCXAP research

Yancheng YSNA is a coastal industrial base that Yancheng City is currently prioritizing as a key economic development area. Yancheng YSNA is strategically located on the northeast coast of Yancheng City, with convenient access to two port areas in Xiangshui County and Binhai County, as well as the economic hinterland of Jiangsu Province. The planned land area of Yancheng YSNA is 616 square kilometers, with an additional 3,800 square kilometers of sea area and a coastline spanning approximately 92 kilometers. After years of dedicated development, the industrial layout of the Yancheng YSNA has matured into a structure dominated by integrated energy, specialty steel, new materials and pharmaceuticals, marine biotechnology, and modern logistics. In recent years, a number of state-owned and large private enterprises have established a presence in Yancheng YSNA, including State Power Investment, CNOOC, Shanghai Electric, Sinochem International, and Jiangsu Delong Nickel Industry Co., Ltd ("Delong Nickel").

Government's Willingness to Provide Support

Important role in urban development and operation in Yancheng City, particularly in Yancheng YSNA

Haixing Holding is one of the key LIIFCs in Yancheng City, particularly renowned for its role as the primary developer and operator of infrastructure construction and industrial investment in Yancheng YSNA. There are a number of LIIFCs in Yancheng City while two major enterprises are responsible for the development of Yancheng YSNA, including Haixing Holding and Jiangsu Yancheng Port Holdings Group Co., Ltd. ("Yancheng Port"). Each of them has a clear and strong position under the government's planning. The Company is mainly responsible for the development and construction of 616 square kilometers in the main industrialized area of the Yancheng YSNA, while Yancheng Port is responsible for the operation of the four ports in Yancheng City. As the major urban development and operation entity in Yancheng YSNA, the Company is important to local economic and social development. Given its strategic role, we believe that support from the local government is very likely when needed.

Undertaking infrastructure construction and resettlement housing projects in Yancheng YSNA

As one of the major platforms for regional investment and development, Haixing Holding is engaged in the infrastructure construction and resettlement housing projects in the Yancheng YSNA. The Company has relatively good stability and sustainability of its project construction business under the local government's planning and development.

Haixing Holding undertakes infrastructure construction in Yancheng City, particularly in the port areas, urban areas and industrial park areas of Yancheng YSNA. Under the entrusted construction model, prior to the commencement, the Company is required to pay a construction deposit (approximately 10% of the total planned investment for the project) to entrusted parties such as Yancheng Binhai Port Industrial Park Management Office and Jiangsu Yanfu Port Group Co., Ltd. This deposit is refunded in line with the project construction schedule, typically within one to two years after project completion. The Company contracts the project to specific

construction parties through bidding and remunerates them according to the progress and actual input costs of the project. At the end of each quarter, in accordance with the volume of completed works, the entrusted parties will make payments to the Company based on the total cost plus a few percentage markups after examining the projects. The Company has successfully delivered a series of large-scale industrial park infrastructure construction projects over the past few years, with a total investment of around RMB9.1 billion and a total repayment of RMB11.3 billion. As of 31 December 2025, the Company had 5 infrastructure projects under construction or under planning, with an expected total investment amount of around RMB12.9 billion, of which RMB6.2 billion remains to be invested. These projects mainly involve the construction of roads, sewage treatment, greening projects, and other public facilities. The Company expects to undertake further projects in the future, in line with government planning. Given the substantial scale of these ongoing and planned projects, the Company faces a degree of pressure regarding investment capital.

The Company is also tasked with the redevelopment of shantytowns in the region, primarily involving the national-level shantytown renovation, amenity center, and housing projects for the resettlement of disaster-affected households. These initiatives are closely linked to improvements in the regional environment and the business environment for investment attraction. However, the Company is responsible for the sales of these real estate development projects, reflecting certain sales pressure and challenges in financial balancing. The Company aims to achieve the fund balancing through rental income and property sales. As of 30 June 2026, the Company had 4 completed resettlement housing projects, with no resettlement housing projects currently under construction or planned. Among the assets available for sale, completed resettlement housing accounts for a relatively large proportion. The Company's total investment in these projects is RMB2.3 billion, while only RMB162.0 million in sales proceeds has been received. The total leasable area is 508,100 square meters, of which only 212,000 square meters have been leased to date. Two of the projects remain unleased or are currently used by the Company for its own purposes. The resettlement process for these two completed projects has been slow, primarily due to the remote locations of the resettlement housing, which could potentially impact the company's future capital balance.

High risk exposure to commercial activities

Haixing Holding also diversified into other commercial activities such as land leasing, industrial parks development, self-operated projects, and trading business. Based on our assessment, the Company's risk exposure to such commercial activities is high, which accounted for more than 30% of total assets. Most of its commercial activities are self-sustaining while having a certain degree of market uncertainty and operational risk.

Haixing Holding has a large-scale property leasing portfolio, mainly including land, saltpans, and industrial parks, generating relatively stable income and sound gross profit. In 2025, the rental income increased to RMB464.0 million from RMB239.0 million in 2024, primarily driven by the newly completed properties that were leased out. As of 31 March 2026, the Company's leasable land area totaled approximately 195,500 acres, of which 80.8% of the land has been leased out. Most of the land was leased to private-owned enterprises and individuals with a high degree of concentration. Meanwhile, the Company leased industrial factories and office buildings, which generated rental income of RMB178.0 million in 2025. As of 31 March 2026, it had 5 standard factories and industrial park projects under construction, with a total investment amount of RMB4.7 billion and an uninvested amount of RMB300.0 million. In 2025, both rental income and gross profit margin increased significantly. Overall, the leasing business of industrial parks and standard factories highly relies on local economic development which exposes the Company to higher operational risks, it is crucial to monitor the operational performance of leasing activities and the status of rent collection.

Haixing Holding also has certain self-operated projects, mainly photovoltaic facilities, which are expected to achieve fund balancing through electricity sales revenue. As of 31 March 2026, the Company had 2 major self-operated projects under construction, which are Xingdong 120MW and Xingyue 420MW Fishery-Solar Hybrid Projects, with a total investment of RMB2.4 billion and an outstanding amount of RMB2.0 billion. In addition, the Company plans to construct an integrated energy station project with a total investment of RMB75 million, which is expected to generate revenue from the sales of oil products, LNG, and hydrogen upon completion. Given the large scale of these projects, the Company may face a relatively high capital expenditure burden and bear the risk of operating uncertainties.

From 2025 onwards, the Company's trading business has focused on agricultural products under a sales-driven procurement model. Profitability in the agricultural products trading segment remains limited because of the high upstream and downstream concentration. Before 2025, the Company's trading business mainly provided ferro-nickel and stainless steel to Delong Nickel, a steel manufacturing company in the industrial park. Since 2024, due to overdue payments and bankruptcy reorganization petitions against Delong Nickel and its related parties, the Company has repeatedly suspended trading operations. As of 30 June 2026, the Company has filed the relevant claims, and receivables from Delong Nickel and related entities totaled RMB777.0 million and were fully provided for. To preserve potential recovery value, the Company intends to implement a debt-to-equity swap, subject to relevant approvals, and the recovery amount remains uncertain.

Good track record of receiving government support

Haixing Holding has received ongoing support from the Yancheng Municipal Government including cash allocation, asset injection, capital injection and financial subsidies. In 2025, a 49.0% equity stake in Yancheng Nanyang International Airport Co., Ltd. was transferred free of charge to the Company, increasing the capital reserve by RMB374.0 million. During the same year, the Company received capital injection of RMB200.0 million and government subsidies of RMB105.0 million from the local government. In addition, the Company is expected to receive continuous government payments from the infrastructure construction business. However, such payments may be subject to the fiscal arrangement and land market condition, resulting in a large number of receivables from the government units on its balance sheet. We expect Haixing Holding to receive ongoing government support given its position as the main entity for infrastructure construction and harbor-city industrial investment in Yancheng YSNA.

High investment needs and moderate asset liquidity

Haixing Holding's current projects under construction include infrastructure construction projects, self-operated projects, and standard factories and industrial parks development. These projects guarantee the long-term sustainability of the Company's business. However, the investment cycle for commercial activities is lengthy, and cash collection for infrastructure construction is delayed. Considering the relatively large outstanding investment in infrastructure construction and market-oriented projects, the Company will rely on external financing to bridge the funding gap, which may result in an increased debt burden.

In recent years, Haixing Holding's debt level has continued to grow. As of 30 June 2026, the Company's total debt increased to RMB31.5 billion from RMB27.3 at the end of 2024. At the same time, the total capitalization ratio, measured by total debt to total capital, increased to 43.7% from 39.5% at end-2024. The Company relied on external financing, mainly bank loans and bonds, to fund its business expansion over the last few years. Also, the Company had a moderate short-term debt burden, with the short-term debt accounting for 44.6% of its total debt. Its cash to short-term debt ratio was low at 0.2x. Given its high investment needs, we expect that the

Company will face high capital expenditure pressure and its debt level will continue to increase over the next 12 to 18 months.

Besides, Haixing Holding's asset liquidity was moderate as it includes a significant allocation to receivables, investment properties and long-term equity investments with limited profitability. The Company's receivables are mainly arisen from project settlement with local SOEs and government units. They accounted for 16.9% of its total assets and formed a drain on the Company's funds. On top of that, the Company held a significant portion of investment properties, accounting for around 37.9% of its total assets. These investment properties represent land use rights booked at fair value and are completely leased out as fishponds with moderate liquidity. Land use rights classified across inventories, intangible assets, and investment properties amounts to RMB35.9 billion, accounting for 43.9% of total assets. Consequently, any changes in the Company's fair value of land assets would have a significant impact on its profitability, and that would be considered negative if the assets highly fluctuated. In addition, the Company's long-term equity investments accounted for around 10.9% of its total assets, the majority of which comprise cross-shareholdings in regional SOEs with low liquidity. The restricted assets also mainly consisted of investment properties and fixed assets (land, buildings, and structures), accounting for approximately 10.4% of total assets as of 30 June 2026.

Access to diversified financing channels

Haixing Holding's large investment needs could be supported by its diversified financing channels including banks, debt capital market and non-standard financing. The Company maintains good relationships with various large domestic commercial banks such as Bank of Shanghai Co., Ltd. and Bank of Jiangsu Co., Ltd. As of 30 June 2026, it obtained total bank credit facilities of RMB31.3 billion with an available portion of RMB6.2 billion. Haixing Group also has a track record of issuing different kinds of bond products such as PPNs, MTNs and corporate bonds. In addition, the Company had a decreasing exposure to non-standard financing at around 12% of its total debt as of 30 June 2026.

ESG Considerations

Haixing Holding bears environmental risks because it undertakes infrastructure construction and resettlement housing projects in Yancheng YSNA. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during the construction.

Haixing Holding is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Yancheng YSNA. Demographic changes, public awareness and social priorities shape the government's development strategy and targets for the Company, and it will affect the government's propensity to support the Company.

Haixing Holding's governance considerations are also material as it is subject to oversight and reporting requirements to the local government and has to meet several reporting requirements, 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).

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