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

Hong Kong, 20 November 2025 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Yancheng Haixing Holding Group Co., Ltd. ("Haixing Holding" or the "Company") at A_g-, with stable outlook.

The A_g- long-term credit rating of Haixing Holding 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 drives growing debt amount; and (3) moderate asset liquidity.

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.

Rating Rationale

Credit Strengths

Important role in urban development and operation in Yancheng City, particularly in Yancheng YSNA. Haixing Holding is engaged in the infrastructure construction and resettlement housing projects in the Yancheng YSNA. The Company 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. Haixing Holding's real estate projects are comprised of national-level shantytown renovation, amenity center, and housing projects for the resettlement of disaster-affected households. The Company has relatively good stability and sustainability of its project construction business under the local government's planning and development.

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 2024, the Company received government subsidies of RMB73.9 million. In addition, the Company is expected to receive continuous government payments from the infrastructure construction business. 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.

Credit Challenges

High risk exposure to commercial activities. Haixing Holding also diversified into other commercial activities such as land leasing, industrial parks development, self-operated projects, trading business and equity investment. 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.

High investment needs drive growing debt amount. In recent years, Haixing Holding's debt level has continued to grow. As of 30 September 2025, the Company's total debt increased to RMB28.6 billion from RMB24.3 billion as of the end of 2023. Haixing Holding's current projects under construction and planning include infrastructure construction projects, self-operated projects, and standard factories and industrial park development. Considering the relatively large outstanding investment in these projects, we expect that the Company will rely on external financing to bridge the funding gap and its debt level will continue to increase over the next 12 to 18 months.

Moderate asset liquidity. 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 of a certain scale, mainly from project settlements with local SOEs and government units, which formed a drain on the Company's fund. On top of that, the Company's investment properties represent land use rights booked at fair value and the majority of the Company's long-term equity investments comprise cross-shareholdings in regional SOEs with low liquidity.

Rating Outlook

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.

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.

Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:
http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Amy Chen
Credit Analyst

+852-2860 7127
amy_chen@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address:	Suites 1904-1909, 19/F, Jardine House,
	1 Connaught Place, Central, Hong Kong
Website:	www.ccxap.com
Email:	info@ccxap.com
Tel:	+852-2860 7111
Fax:	+852-2868 0656