

CCXAP assigns first-time long-term credit rating of A_g to Jiangsu Haizhou Bay Holding Group Co., Ltd., with stable outlook.

Hong Kong, 14 May 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A_g to Jiangsu Haizhou Bay Holding Group Co., Ltd. (“Haizhou Bay Holding” or the “Company”), with stable outlook.

The A_g long-term credit rating of Jiangsu Haizhou Bay Holding Group Co., Ltd. (“Haizhou Bay Holding” or the “Company”) reflects (1) the Lianyungang Municipal Government’s very strong capacity to provide support; and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects Lianyungang City’s increasing gross regional production (“GRP”) with sustainable industrial development, but constrained by moderate fiscal metrics. Lianyun District, a district under the administration of Lianyungang City, boasts abundant resources in ports, coastal areas, and industrial parks.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) full ownership by the Lianyungang Municipal Government as the core entity in the infrastructure construction and state-owned asset operation in the eastern area of Lianyungang City; (2) good track record of receiving government support; and (3) diversified funding channels. However, the rating is constrained by the Company’s (1) high risk exposure to commercial activities, especially in tourism and property development business; (2) increasing debt burden driven by capital-intensive and large-scale construction projects; and (3) moderate asset liquidity.

Corporate Profile

Established in 2012, Haizhou Bay Holding was originally named Jiangsu Haizhou Bay Investment Co., Ltd. In October 2023, the Lianyun District Government increased its registered capital to RMB5.0 billion and transferred equity stakes in several local state-owned enterprises (“SOEs”) to the Company, expanding its asset scale and business scope. At the same time, the Company’s shareholder was changed to the Lianyungang Municipal Government. The Company is positioned as the most important entity for urban construction investment and state-owned asset operation in the eastern urban area of Lianyungang City. The Company primarily conducts infrastructure construction and resettlement housing development in Lianyun District through its subsidiaries, while also expanding into diversified commercial activities such as tourism development and operations, real estate development, trading business, self-operated projects and other businesses. As of 30 September 2025, the Company was directly and wholly-owned by the Lianyungang Municipal Government.

Rating Rationale

Credit Strengths

Strong stability in the infrastructure construction business in the Lianyun District. As the primary infrastructure construction entity in the Lianyun District, the Company mainly

undertakes projects on an entrusted construction basis for local government and related entrusting parties. Its core business covers old town demolition and renovation, urban public infrastructure development, industrial park construction, and tourism infrastructure development within the region. Overall, we expected that Haizhou Bay Holding's position in Lianyungang City to remain stable considering its sufficient projects on hand.

Good track record of receiving government support. Since its establishment, Haizhou Bay Holding has received ongoing support from the local governments of Lianyungang City and Lianyung District, including capital injections, asset transfers, government subsidies and payments for previous construction projects, which could help the Company meet its policy objectives and financial obligations. Overall, we expect Haizhou Bay Holding to receive ongoing government support in the next 12-18 months given its strategic role in the Lianyungang City.

Good access to diversified funding channels. Haizhou Bay Holding has access to diversified financing channels, primarily including bank borrowings and onshore capital markets, which could partially release the pressure on debt repayment and capital expenditure. The Company maintains good relationships with major policy banks, large state-owned commercial banks and joint-stock commercial banks. The Company has good track record of issuing different bond instruments in the onshore debt markets such as corporate bonds, MTNs and PPNs. Overall, we expect Haizhou Bay Holding's refinancing risk to be relatively manageable over the next 12-18 months.

Credit Challenges

High exposure to commercial activities, especially in tourism and property development business. Apart from infrastructure construction and resettlement housing services, Haizhou Bay Holding also engages in other commercial activities including tourism development and operations, real estate development, trading business, self-operated projects and other businesses. We consider the Company's exposure to commercial activities to be high, accounting for more than 30% of its total assets. The development and operation of cultural tourism projects and commercial real estate entail substantial early-stage investment and extended payback periods, which is exposed to greater uncertainty and operational risks.

Rising debt level driven by increasing capital expenditure. Haizhou Bay Holding has a high financing leverage with substantial short-term refinancing needs due to its capital-intensive and large-scale construction projects in previous years. In addition, there were refinancing needs for its short-term debt as the short-term debt accounted for 50.4% of its total debt as of 30 September 2025, and the cash to short-term debt ratio was around 0.4x. We expected the Company to rely on external financing to meet its capital expenditure and the debt leverage will remain at a relatively high level in the next 12 to 18 months.

Moderate asset liquidity. Haizhou Bay Holding's receivables and inventories accounted for a relatively large proportion of its total assets, totaling around 59.3% of its total assets as of 30 September 2025, which constrained the Company's liquidity profile. Moreover, the Company had pledged a number of assets for loans, mainly inventories, other non-current assets and investment properties, accounting for 17.5% of its total assets as of 30 September 2025.

Moderate asset liquidity may also undermine the Company's financing flexibility.

Rating Outlook

The stable outlook on Haizhou Bay Holding's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important role in the development of Lianyungang City over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as increased debt management or decreased exposure to risky commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced policy significance or deteriorated refinancing ability.

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

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