CCXAP affirms Jiangsu Ruihai Investment Holding Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 23 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Jiangsu Ruihai Investment Holding Group Co., Ltd. ("JRIH" or the "Company") at BBB_g, with stable outlook.

The BBB_g long-term credit rating of JRIH reflects the Hai'an City Government's very strong capacity to provide support and its high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of the government's support capacity reflects Hai'an City's good economy. Hai'an City ranked among China's top 100 counties by economic competitiveness and recorded gross regional product of RMB153.1 billion in 2025. This strength is moderated by the city's fiscal metrics and rising government debt.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) full and ultimate ownership by the Hai'an City Government; (2) high strategic role in land development and affordable housing in Hai'an City and Hai'an Logistics Development Zone ("Logistics Zone"); (3) track record of receiving government support; and (4) diversified funding channels and access to capital markets. However, the rating is constrained by the Company's (1) medium level of commercial risk; (2) rising debt burden, high leverage and weak asset liquidity; (3) large capital expenditure pressure with long repayment periods; and (4) high contingent liabilities arising from external guarantees provided mainly to local state-owned enterprises ("SOEs").

Corporate Profile

Established in 2013, JRIH is one of the key local infrastructure investment and financing companies ("LIIFCs") in Hai'an City, a county-level city administered by Nantong City. JRIH is an important provider of affordable housing in Hai'an City and the main developer in the Logistics Zone. It primarily undertakes affordable housing and land consolidation through its wholly-owned subsidiaries, Hai'an City Relocation and Reconstruction Co., Ltd., and land development and infrastructure construction in the Logistics Zone through Jiangsu Hai'an Trade Logistics Group Co., Ltd. ("Hai'an Trade Logistics"). JRIH also engages in commercial activities, including commercial property development, property management and trading. As of 30 June 2026, the Company was wholly owned and ultimately controlled by the Hai'an State-owned Assets Management Center ("Hai'an SAMC").

Rating Rationale

Credit Strengths

High strategic role in land development and affordable housing in Hai'an City. JRIH is a key LIIFC in Hai'an City and undertakes major public-policy projects assigned by the local government. Over the years, it has become the sole platform for affordable housing development in the urban areas of Hai'an City. As of 30 June 2026, it had eight major completed affordable housing projects, representing aggregate investment of RMB10.3 billion and cumulative sales of RMB4.9 billion, as well as one planned affordable housing project with estimated investment of RMB360.0 million. Its two ongoing land consolidation projects had aggregate planned investment of RMB10.0 billion, of which RMB6.3 billion had been invested. Through its wholly owned subsidiary, Hai'an Trade Logistics, JRIH is also the principal infrastructure construction and land consolidation entity for Logistics Zone; as of end-2025, the subsidiary had two major ongoing infrastructure projects with aggregate planned investment of RMB1.5 billion, of which RMB0.3 billion had been invested. Given these important public-policy functions, we expect the Company's strategic position in Hai'an City to remain stable over the next 12 to 18 months.

Track record of receiving government support. JRIH has received support from the Hai'an City Government through capital injections, fiscal allocations, government grants and project payments. The Company recognized RMB390.3 million of government grants in 2025. In 2026H1, the Hai'an SAMC injected a further RMB100.0 million in cash, increasing the Company's paid-in capital to RMB1.1 billion. The Company receives payments for government-related projects, although collection depends on settlement progress and is often delayed. As of 30 June 2026, accounts receivable and other receivables totaled RMB11.0 billion. We expect government support to continue, underpinned by the its continued critical role in regional infrastructure development and its established importance as a recurrent issuer in the public bond market.

Diversified funding channels and access to capital markets. JRIH has access to various sources of funding including bank loans, bond issuances and non-standard financing. The Company maintains relationships with policy banks and national joint-stock commercial banks and has accessed both onshore debt markets. It also borrows from other local SOEs. Bank and bank-channel financing remained the principal funding source, accounting for more than 80% of total financing, while non-standard financing accounted for slightly over 10% at mid-2026, which is considered controllable.

Credit Challenges

Medium level of commercial risk. JRIH engages in commercial property development, property management, trading, leasing and self-operated logistics projects. As of 30 June 2026, investment properties and cumulative investment in Spring Breeze Courtyard, a residential property project, together represented slightly more than 10% of total assets. Commercial operating activities other than property sales remained modest, with trading, property management, and other activities accounting for approximately 5.7% of consolidated revenue in 2025. The recovery of commercial property investment remains subject to local market demand, and certain self-operated logistics projects have yet to generate the expected returns. Nevertheless, JRIH has adopted a cautious approach to new commercial investment, which should contain a material increase in related risks.

Rising debt burden, high leverage and weak asset liquidity. JRIH's debt growth has been rising, leaving the Company considerable debt pressure. Its adjusted total debt increased from RMB35.7 billion at end-2025 to RMB38.8 billion as of 30 June 2026, while its total capitalization ratio rose to 70.4%. The cash to short-term debt ratio was 0.6x, indicating that its cash balance was insufficient to cover its short-term debt. Moreover, asset liquidity remained weak, as inventories, accounts receivable and other receivables represented 73.7% of total assets.

High exposure to external guarantees provided mainly to local SOEs. The Company has a relatively high exposure to contingent liabilities from its external guarantees provided to external parties. As of 30 June 2026, guarantee balances totaled approximately RMB18.8 billion. Most beneficiaries were local SOEs and platform companies, creating correlated risk. The Company also guaranteed approximately RMB198.0 million of borrowings by a privately controlled enterprise and RMB9.2 million of mortgage loans for individual property buyers. A credit event involving a major guaranteed party could result in material contingent liabilities and weaken the Company's credit profile.

Rating Outlook

The stable outlook on JRIH's rating reflects our expectation that the Hai'an City Government's capacity to provide support will remain stable, and the Company's characteristics, such as its important role in the provision of affordable housing and the development of Hai'an City, are expected to remain stable 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 materially strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support such as a material improvement in debt management or 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 a material increase in commercial risk, or deteriorated debt management.

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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