CCXAP affirms Jiangsu Fuxuan Industrial Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 4 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Jiangsu Fuxuan Industrial Co., Ltd. ("JSFX" or the "Company") at BBB_g-, with stable outlook. At the same time, CCXAP has affirmed JSFX's senior unsecured debt rating (SBLC-supported) at A_g+. The bond (ISIN: HK0001268686) was fully supported by an irrevocable SBLC from Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu") (A_g+/Stable), Yancheng Branch.

The BBB_g- long-term credit rating of JSFX reflects the Binhai County Government's strong capacity to provide support, and 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 Binhai County's ongoing economic and fiscal growth. However, its fiscal balance ratio is moderate.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) ultimate ownership and governance by Binhai County Government; (2) essential role in infrastructure and industrial development in Jiangsu Binhai Economic Development Zone ("Binhai EDZ"); and (3) track record of support from the local government in terms of financial subsidies and asset injections. However, the rating is constrained by the Company's (1) moderate exposure to commercial activities; (2) increased debt burden and short-term debt pressure; and (3) moderate financing ability.

Corporate Profile

Established in 2013, JSFX is the primary local infrastructure investment and financing company ("LIIFC") in Binhai EDZ, a provincial-level EDZ in Binhai County, Yancheng City. It is mainly responsible for infrastructure construction and industrial property development in the Industrial Park Area of Binhai EDZ and also undertakes the asset liquidation and revitalization in the area in alignment with the local government's development strategy. Meanwhile, the Company has developed a range of commercial activities, including property leasing, trading and processing. In October 2020, the Company's shareholder was transferred from the Jiangsu Binhai Economic Development Zone Industrial Park Investment Service Centre to Binhai State-owned Assets Operation and Service Centre ("Binhai SAOSC"). In August 2025, Binhai SAOSC transferred its stake in JSFX to Binhai County Economic Development Industry Investment Group Co., Ltd. ("BHII"). As of 30 June 2026, JSFX was wholly owned by BHII and remained ultimately controlled by Binhai County Government.

Rating Rationale

Credit Strengths

Essential role in infrastructure and industrial development of Binhai EDZ. JSFX is one of the important LIIFCs wholly owned by the Binhai County Government, having an important and clear strategic position. Designated by the Management Committee of Binhai EDZ, the

Company has undertaken a series of infrastructure construction projects within the Industrial Park Area. Apart from that, it promotes regional investment attraction and industrial upgrades. As the major developer and operator in Binhai EDZ, the default of the Company would impair the project construction and disrupt the regional industry and economic development.

Track record of receiving government support. JSFX has a track record of receiving government support in the form of asset injections and financial subsidies. In 2025, driven by the funding injection from the local government, the Company's capital reserve increased by RMB421.7 million. Besides, the local government continue to provide subsidies of RMB167.9 million in 2025, supporting the Company's profit. It is expected that the Company will receive government project repayments, given the large scale of receivables from the government and agency construction costs recorded in inventories. We believe that the local government will continue to provide support to JSFX over the next 12 to 18 months, underpinned by its important position in Binhai EDZ.

Credit Challenges

Moderate exposure to commercial activities. JSFX's commercial activities include property leasing, trading and processing. Based on our assessment, the Company has moderate exposure to commercial activities, which accounted for approximately 25% to 30% of its total assets. The commercial activities have become a significant source of revenue for the Company, and the associated commercial risks are manageable given that most of them are conducted for the development strategies of Binhai EDZ.

Increasing debt burden and relatively high short-term debt pressure. JSFX's debt growth rate has decelerated since 2025. As of 30 June 2026, the Company's total debt grew to RMB15.1 billion from RMB12.7 billion at the end of 2024. Total capitalization ratio, as measured by total debt to total capital, has increased from 45.6% to 51.4% during the same period. Considering the continuous investment in project construction, we anticipate the Company will rely on external financing and its debt level, and the leverage ratio will heighten in the near future. JSFX's short-term liquidity is constrained by pressure from its substantial short-term debt. At the end of June 2026, the Company's short-term debt accounted for 62.1% of total debt and the cash to short-term debt ratio was 0.5x.

Moderate access to funding channels with modest financial flexibility. JSFX has moderate access to funding. As of 30 June 2026, bank loans are the main source of funding and they accounted for more than 80% of the total debt. Exposure to non-standard financing was moderate, accounting for around 15.7% of the total debt as of 30 June 2026. Its direct financing comprised the offshore bond issued. In addition, the relatively weak asset liquidity will constrain JSFX's financial flexibility. As of 30 June 2026, JSFX's assets were primarily comprised of receivables, inventories, investment properties, which accounted for 71.3% of the total assets. And its restricted assets reached RMB8.9 billion, accounting for 34.4% of total assets.

Rating Outlook

The stable outlook on JSFX's rating reflects our expectation that the Binhai County Government's capacity to provide support will remain stable, and the Company will maintain its important position in Binhai County and Binhai EDZ 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 strengthened policy importance or improved financing channels.

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 materially increased exposure to risky commercial activities or a deterioration in its debt management or asset liquidity.

Rating Methodology

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

The methodology used in Bank of Jiangsu's rating is the Rating Methodology for Banks (November 2021).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
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