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

Hong Kong, 6 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Jiangsu Xinkai Investment Group Co., Ltd. ("Xinkai Group" or the "Company") at A_g-, with stable outlook.

The A_g- long-term credit rating of Xinkai Group reflects Taizhou Municipal Government's (1) very strong capacity to provide support; and (2) 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 Taizhou City's good industrial base and ongoing economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important role in infrastructure construction in the Dongjin area of Taizhou City New City District and Jiangyan District; (2) sufficient project reserves with good business sustainability; and (3) track record of receiving government support. However, the rating is constrained by the Company's (1) moderate risk exposure to commercial activities; (2) near-term debt pressure and weak asset liquidity; and (3) large exposure to external guarantees mainly provided to local state-owned enterprises ("SOEs").

Corporate Profile

Established in 2021, Xinkai Group was formerly known as Taizhou Xinkai Investment Development Co., Ltd. In June 2022, the government transferred the controlling interests in Jiangsu Jiangyan Economic Development Group Co., Ltd. ("JYED"), Taizhou Longma Construction Development Co., Ltd. ("TZLM"), and Taizhou Gaoxinyuan Construction and Development Co., Ltd. ("TGCD") to the Company. The Company remains a key municipal-level state-owned urban investment and operation entity in Taizhou City, mainly responsible for infrastructure construction, land consolidation and resettlement housing development in the Dongjin area of Taizhou City New City District and Jiangyan District. Its policy businesses continue to be carried out mainly through its subsidiaries, JYED, TZLM, and TGCD. The Company also derives revenue from commodity sales, commercial housing sales, self-operated projects and property leasing.

On 12 September 2024, the Taizhou State-owned Assets Supervision and Administration Commission ("Taizhou SASAC") approved the transfer of 100% of the Company's shares to Jiangsu Xinkai Holding Group Co., Ltd. ("Xinkai Holding"), which is wholly owned by Taizhou SASAC. As of 30 June 2026, the Company had registered and paid-in capital of RMB5.0 billion; Xinkai Holding was its sole shareholder and Taizhou SASAC remained its ultimate controller.

Rating Rationale

Credit Strengths

Important role in infrastructure construction in the Dongjin area of Taizhou City New City District and Jiangyan District with sufficient project reserves. Xinkai Group is one of the key local infrastructure investment and financing companies in Taizhou City. It is primarily responsible for investment in and infrastructure construction across the Dongjin area of Taizhou City New City District and Jiangyan District, including Jiangyan EDZ, Jiangyan High-tech Zone, Jiangyan District High-tech Equipment Industrial Park, Taizhou North Yangtze River High-speed Railway New City Zhangdian Area and Jiangyan Longxi Industrial Park. These projects support the industrial and economic development of Taizhou City. The Company's sizeable project reserves in infrastructure construction and resettlement housing support the sustainability of its public-policy businesses. Given the Company's strategic importance to the development of Taizhou City and Jiangyan District and its sufficient project reserves, we believe it is unlikely to be replaced by other local SOEs over the next 12-18 months.

Track record of receiving government support. Since its establishment, Xinkai Group has received ongoing support from the local government through equity and asset transfers, financial subsidies and payments for public projects. In 2025, the Company recorded RMB441.9 million of other income, mainly government subsidies. Under the agency agreements, the Company is also expected to receive repayments from the local government for its public projects. Given the Company's strategic role in the Dongjin area and Jiangyan District, we expect it to continue receiving government support.

Credit Challenges

Moderate risk exposure to commercial activities. In addition to public-policy activities, Xinkai Group engages in commercial activities including commodity sales, self-operated projects, property leasing and commercial housing sales. These activities support the Company's role in promoting the industrial and urban development of Taizhou City; however, they expose the Company to higher business risks and impose a capital expenditure burden. Its self-operated projects place significant capital expenditure pressure on the Company. Based on our assessment, the Company's exposure to commercial activity risk is moderate, with commercial assets accounting for around 20% of its total assets.

Large near-term debt pressure and weak asset liquidity. Xinkai Group's total debt declined to RMB33.5 billion at end-2025 from RMB35.0 billion at end-2024, and the total capitalization ratio (total debt/total capital) decreased to 49.4%. The Company continued to face near-term debt pressure. As of end-2025, short-term debt accounted for 48.2% of total debt, and the cash-to-short-term-debt ratio was 0.3x. Given its ongoing project commitments and debt service obligations, the Company is expected to rely on external financing to meet its funding needs, while its total debt and leverage are expected to remain high over the next 12-18 months. In addition, Xinkai Group's short-term liquidity is constrained by its less liquid asset profile. At end-2025, inventories, other receivables, and investment properties together accounted for 82.0% of total assets.

Large exposure to external guarantees. Xinkai Group's credit profile is constrained by its large external guarantees, which could increase its repayment obligations if a guaranteed party experiences credit stress. External guarantees rose to RMB38.9 billion at end-2025, equivalent to 113.2% of net assets. Nearly all of the guarantees were provided to local SOEs in Jiangyan District, with only RMB1.4 million provided to individual homebuyers for the Company's real estate sales business. The government-related nature of most counterparties moderates expected loss risk, but the large and increasing exposure remains a material contingent-liability constraint.

Rating Outlook

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

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity 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 a significant reduction in external guarantee exposure, reduced risk exposure to commercial activities, or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as a reduction in the importance of its policy role, or a significant reduction in government support.

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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