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

Hong Kong, 18 November 2026 -- 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 drive 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 one of the key LIIFCs in Yancheng City, particularly renowned for its role as the primary developer and operator of infrastructure construction and industrial investment in Yancheng YSNA. The Company is mainly responsible for the development and construction of 616 square kilometers in the main industrialized area of the

Yancheng YSNA, while Yancheng Port is responsible for the operation of the four ports in Yancheng City. As the major urban development and operation entity in Yancheng YSNA, the Company is important to local economic and social development. Given its strategic role, we believe that support from the local government is very likely when needed.

Undertaking infrastructure construction and resettlement housing projects in Yancheng YSNA. As one of the major platforms for regional investment and development, Haixing Holding is engaged in the infrastructure construction and resettlement housing projects in the Yancheng YSNA. The Company has relatively good stability and sustainability of its project construction business under the local government's planning and development. The Company is also tasked with the redevelopment of shantytowns in the region. These initiatives are closely linked to improvements in the regional environment and the business environment for investment attraction.

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 addition, the Company is expected to receive continuous government payments from the infrastructure construction business. However, such payments may be subject to the fiscal arrangement and land market condition, resulting in a large number of receivables from the government units on its balance sheet. 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.

Access to diversified financing channels. Haixing Holding's large investment needs could be supported by its diversified financing channels including banks, debt capital market and non-standard financing. As of 30 June 2026, it obtained total bank credit facilities of RMB31.3 billion with an available portion of RMB6.2 billion. Haixing Group also has a track record of issuing different kinds of bond products such as PPNs, MTNs and corporate bonds. In addition, the Company had a decreasing exposure to non-standard financing at around 12% of its total debt as of 30 June 2026.

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, and trading business. 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 and moderate asset liquidity. Haixing Holding's current projects under construction include infrastructure construction projects, self-operated projects, and standard factories and industrial parks development. These projects guarantee the long-term sustainability of the Company's business. However, the investment cycle for commercial activities is lengthy, and cash collection for infrastructure construction is delayed. As of 30 June 2026, the Company's total debt increased to RMB31.5 billion from RMB27.3 at the end of 2024.

At the same time, the total capitalization ratio, measured by total debt to total capital, increased to 43.7% from 39.5% at end-2024. Also, the Company had a moderate short-term debt burden, with the short-term debt accounting for 44.6% of its total debt. Besides, 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.

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

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