



Credit Opinion

20 November 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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Yancheng Haixing Holding Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Yancheng Haixing Holding Group Co., Ltd. ("Haixing Holding" or the "Company") 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.

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.

Rating Drivers

- Important role in urban development and operation in Yancheng City, particularly in Yancheng YSNA
- Good track record of receiving government support
- High risk exposure to commercial activities
- High investment needs and moderate asset liquidity

Rating Sensitivities

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.

Key Indicators

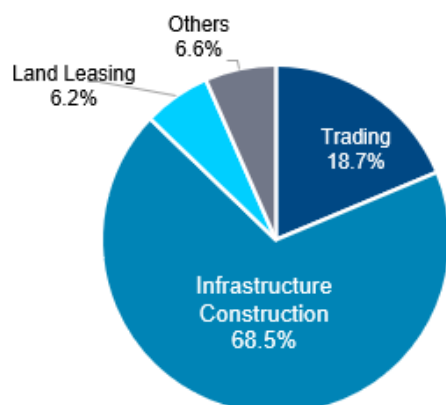
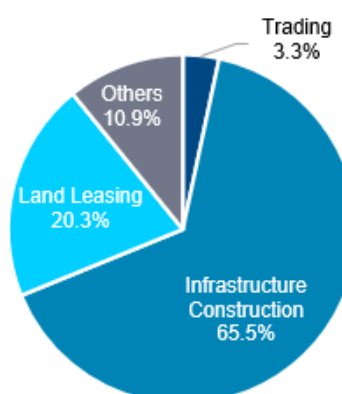
	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	68.4	71.7	76.2	78.3
Total Equity (RMB billion)	39.6	41.4	41.8	42.3
Total Revenue (RMB billion)	5.0	4.5	3.8	3.4
Total Debt/Total Capital (%)	37.3	36.9	39.5	40.4

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

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.

Exhibit 1. Revenue structure in 2024**Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Yancheng Municipal Government has very strong capacity to provide support given its good economic fundamentals and fiscal strengths as well as sustainable industrial development.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. The per capita GRP also ranked top among all provinces in China for years. In the first three quarters of 2025, Jiangsu Province realized a GRP of RMB10.3 trillion, up 5.4% YoY.

Yancheng City is a prefecture-level city in Jiangsu Province, with a good economic foundation. Based on its advantageous traditional industries including autos, textiles, steel, and chemical industries, Yancheng City is undergoing an economic transition and is developing emerging industries such as new energy vehicles and core components, new energy, new generation information technology, new materials, big health and digital economy and ocean economy industries, which help support sustainable economic growth in the long run. In 2024, Yancheng City achieved a GRP of RMB777.9 billion with a 5.5% YoY growth rate. In the first three quarters of 2025, Yancheng City realized a GRP of RMB586.4 billion, up 5.6% YoY. The general budgetary revenue increased annually on the back of steady economic growth and optimized upgrading of the industrial structure. In 2024, the Yancheng Municipal Government achieved general budgetary and tax revenue of RMB49.6 billion and RMB33.5 billion, respectively. However, the fiscal balance ratio (calculated by general budgetary revenue over general budgetary expenditure) remained moderate, with a 3-year average ratio of 41.4%. As of the end of 2024, the local government's outstanding debt increased to RMB196.2 billion, accounting for around 25.2% of GRP.

Exhibit 3. Key economic and fiscal indicators of Yancheng City

	2022FY	2023FY	2024FY
GRP (RMB billion)	708.0	740.4	777.9
GRP Growth (%)	4.6	5.9	5.5
General Budgetary Revenue (RMB billion)	45.3	48.3	49.6
General Budgetary Expenditure (RMB billion)	111.8	122.8	114.1

Local Government Debt (RMB billion)	153.5	165.5	196.2
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Source: Statistics Bureau of Yancheng City, CCXAP research

Yancheng YSNA is a coastal industrial base that Yancheng City is currently prioritizing as a key economic development area. Yancheng YSNA is strategically located on the northeast coast of Yancheng City, with convenient access to two port areas in Xiangshui County and Binhai County, as well as the economic hinterland of Jiangsu Province. The planned land area of Yancheng YSNA is 616 square kilometers, with an additional 3,800 square kilometers of sea area and a coastline spanning approximately 92 kilometers. After years of dedicated development, the industrial layout of the Yancheng YSNA has matured into a structure dominated by advanced metal materials, new pharmaceuticals and new materials, stainless steel and recycled paper industries. In recent years, a number of state-owned and large private enterprises have established a presence in Yancheng YSNA, including State Power Investment, CNOOC, Shanghai Electric, Sinochem International, and Jiangsu Delong Nickel Industry Co., Ltd ("Delong Nickel").

Government's Willingness to Provide Support

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. There are a number of LIIFCs in Yancheng City while two major enterprises are responsible for the development of Yancheng YSNA, including Haixing Holding and Jiangsu Yancheng Port Holdings Group Co., Ltd. ("Yancheng Port"). Each of them has a clear and strong position under the government's planning. 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.

Haixing Holding undertakes infrastructure construction in Yancheng City, particularly in the port areas, urban areas and industrial park areas of Yancheng YSNA. Under the entrusted construction model, prior to the commencement, the Company is required to pay a construction deposit (approximately 10% of the total planned investment for the project) to entrusted parties such as Yancheng Binhai Port Industrial Park Management Office and Jiangsu Yanfu Port Group Co., Ltd. This deposit is refunded in line with the project construction schedule, typically within one to two years after project completion. The Company contracts the project to specific construction parties through bidding and remunerates them according to the progress and actual input costs of the project. At the end of each quarter, in accordance with the volume of completed works, the entrusted parties will make payments to the Company based on the total cost plus a few percentage markups after examining the projects. The Company has successfully delivered a series of large-scale industrial park infrastructure construction projects over the past few years, with a total investment of around RMB9.1 billion and a total repayment of RMB11.3 billion. As of 31 December 2024, the Company had 4 infrastructure projects under construction and 2 projects under planning, with an expected total investment amount of around RMB12.1 billion

and RMB2.9 billion, respectively. These projects mainly include the construction of roads, sewage treatment, greening projects, and other public facilities.

The Company is also tasked with the redevelopment of shantytowns in the region, primarily involving the national-level shantytown renovation, amenity center, and housing projects for the resettlement of disaster-affected households. These initiatives are closely linked to improvements in the regional environment and the business environment for investment attraction. However, the Company is responsible for the sales of these real estate development projects, reflecting certain sales pressure and challenges in financial balancing. The Company aims to achieve the fund balancing through rental income and property sales. As of 31 December 2024, the Company had 4 completed resettlement housing projects with a total investment of RMB2.2 billion and there were no projects under planning. The remote location of the resettlement housing projects has resulted in a slow sales and resettlement process for completed projects, which may have an impact on the Company's future capital balance.

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.

Haixing Holding has a large-scale of leasing properties portfolio mainly including land, salt pans and industrial parks, generating relatively stable income and sound gross profit. The land and salt pans were predominantly acquired through government allocation. The Company operates land leasing assets by consolidating them into fishponds for rent, with a total investment of RMB2.0 billion and an invested amount of RMB1.9 billion as of the end of 2024. The Company conducts land leasing with a total leasable land area of approximately 194,400 acres, of which 81.3% of the land has been leased out. The majority of the land were rent out to private-owned enterprises and individuals with a high degree of concentration. Typically, the lease agreements are signed annually and the full-year rent is collected within one month of the signing, with rental income being recognized on monthly basis. The Company collects rents by referencing to market prices through lease agreements signed directly with farming enterprises. In 2024, land rental revenue decreased from RMB324.6 million in 2023 to RMB239.0 million, mainly due to some customers not renewing their contracts upon expiry. The leasing businesses have enhanced the utilization value of the Company's assets, contributing a certain amount of revenue and cash inflows. Nevertheless, there have been some delays in the collection of certain rental payments. As of the end of 2024, the Company had land rental receivables amounting to RMB181.0 million.

Attentionally, the leasing of the Company's industrial parks and standard factories has underperformed that extend its payback period, and the outstanding investment of its industrial park and standard factories may bring certain financial pressure. As of end-2024, the Company has completed industrial parks with an approximate total leasable area of 284,600 square meters ("sqm") and 231,400 sqm industrial parks has been leased to the Management Committee of Xiangshui Industrial Zone for investment attraction purposes in 2023. However, the Company is unable to collect rental income for the first three years because of the rent exemption. In addition, at the same time, the Company had 4 standard factories and industrial park projects under construction, with a total investment amount of RMB4.2 billion and an uninvested amount of RMB426.0 million. These standard factories and industrial parks have a total area of 647,000 sqm available for lease. The Company has entered into a comprehensive lease agreement with the Binhai County Government for three of these construction

projects, which covers investment promotion and rental management over ten years. For another standard factory, its main construction has been completed and the Company has reached a preliminary agreement with the prospective buyer. Overall, the leasing business of industrial parks and standard factories highly relies on local economic development which exposes the Company to higher operational risks.

Haixing Holding also has some self-operated projects that mainly include fishing and photovoltaic facilities, and water supply facilities, which are expected to achieve fund balancing through rental and water sales income. As of 31 December 2024, the Company had 4 self-operated projects under construction, with a total investment of RMB3.0 billion and an outstanding amount of RMB852.0 million. Considering its current and future investment in self-operated construction projects, the Company may face a relatively high capital expenditure burden and bear the risk of operating uncertainties.

The Company's trading business products mainly include ferro-nickel and stainless steel, which are intended to facilitate the growth of the iron and steel industry in Yancheng YSNA. The Company's trading business is mainly conducted with Delong Nickel, a steel manufacturing company in the industrial park. In 2024, as Delong Nickel had overdue payments, the Company changed the business model by purchasing raw materials, ferronickel, from overseas suppliers and selling them to Jiangsu Xinghai Holding Group Co. Ltd. ("Xinghai Holding"), which is effectively controlled by the Finance Bureau of Xiangshui County. Xinghai Holding then resells to Delong Nickel and gradually settles the overdue payments with the Company. As of 31 December 2024, the Company's balance of account receivables due from Delong Nickel and its related companies amounted to RMB777.1 million, for which full provision for bad debts had been made. Delong Nickel currently retains production capacity under government supervision, with restructuring commenced in April 2025. The Company's subsequent collection of overdue payments is an important consideration to the Company's credit profile. Such business is highly affected by macroeconomic conditions and is exposed to certain credit risks.

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 2024, the local government injected continuous industrial land with book value of around RMB2.1 billion and 49% equity stake in Yancheng Transportation Holding Group Co., Ltd., a large LIIFC in Yancheng City. In March 2024, the Company received a capital injection of RMB190.0 million from the Yancheng Finance Bureau. In addition, in 2024, the Company received government subsidies of RMB73.9 million. 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.

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. Considering the relatively large outstanding investment in infrastructure construction and market-oriented projects, the Company will rely on external financing to bridge the funding gap, which may result in an increased debt burden.

In recent years, Haixing Holding's debt level has continued to grow. As of 30 September 2025, the Company's total debt increased to RMB28.6 billion from RMB24.3 billion as of the end of 2023. At the same time, the total capitalization ratio, measured by total debt to total capital, increased to 40.4% from 36.9% in 2023. The Company relied on external financing, mainly bank loans and bonds, to fund its business expansion over the last few years. Also, the Company had a moderate short-term debt burden with the short-term debt accounting for 23.5% of its total debt and the cash to short-term debt ratio was low at 0.1x. Given its high investment needs, we expect that the Company will face high capital expenditure pressure and its debt level will continue to increase over the next 12 to 18 months.

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. The Company's receivables are of a certain scale, mainly from project settlement with local SOEs and government units, which accounted for 18.0% of its total assets and formed a drain on the Company's fund. On top of that, the Company held a significant portion of investment properties, accounting for around 34.6% of its total assets. The investment properties represent land use rights booked at fair value, and are partially leased out as fishponds with moderate liquidity. The changes in the Company's fair value of land assets have a significant impact on its profitability which would be considered negative if highly fluctuated. In addition, the Company's long-term equity investments accounted for around 14.6% of its total assets, the majority of which comprise cross-shareholdings in regional SOEs with low liquidity.

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 nonstandard financing. The Company maintains good relationships with various large domestic commercial banks such as Bank of Shanghai Co., Ltd. and Bank of Jiangsu Co., Ltd. As of 31 December 2024, it obtained total bank credit facilities of RMB21.4 billion with an available portion of RMB7.7 billion. Haixing Group also has a track record of issuing different kinds of bond products such as PPNs, MTNs and corporate bonds. During the first three quarters of 2025, it has issued two tranches of MTNs, two tranches of PPNs and eight tranches of corporate bonds, raising RMB5.2 billion in total. In addition, the Company had moderate exposure to non-standard financing at around 15.5% of its total debt as of 30 September 2025.

ESG Considerations

Haixing Holding bears environmental risks because it undertakes infrastructure construction and resettlement housing projects in Yancheng YSNA. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during the construction.

Haixing Holding is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Yancheng YSNA. Demographic changes, public awareness and social priorities shape the government's development strategy and targets for the Company, and it will affect the government's propensity to support the Company.

Haixing Holding's governance considerations are also material as it is subject to oversight and reporting requirements to the local government and has to meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Rating Methodology

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

Appendix

Exhibit 4. Peer Comparison

	Yancheng Haixing Holding Group Co., Ltd.	Yancheng City Assets Investment Group Company Limited
Long-Term Credit Rating	Ag-	Ag-
Shareholder	Yancheng Municipal Government (100%)	Yancheng Municipal Government (100%)
Positioning	The largest platform of coastal resource integration and infrastructure construction in Yancheng YSNA	One of the largest Infrastructure construction and asset management platforms in Yancheng City
Total Assets (RMB billion)	76.2	146.8
Total Equity (RMB billion)	41.8	46.4
Total Revenue (RMB billion)	3.8	8.5
Total Debt/Total Capital (%)	39.5	71.4

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research

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