

Credit Opinion

14 May 2026

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

Analyst Contacts

Eddie Li +852-2860 7130
Credit Analyst
eddie_li@ccxap.com

Celestyn Nan +852-2860 7128
Credit Analyst
celestyn_nan@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Jiangsu Haizhou Bay Holding Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g to Jiangsu Haizhou Bay Holding Group Co., Ltd., with stable outlook.

Summary

The A_g long-term credit rating of Jiangsu Haizhou Bay Holding Group Co., Ltd. (“Haizhou Bay Holding” or the “Company”) reflects (1) the Lianyungang Municipal Government’s very strong capacity to provide support; and (2) 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 Lianyungang City’s increasing gross regional production (“GRP”) with sustainable industrial development, but constrained by moderate fiscal metrics. Lianyun District, a district under the administration of Lianyungang City, boasts abundant resources in ports, coastal areas, and industrial parks.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) full ownership by the Lianyungang Municipal Government as the core entity in the infrastructure construction and state-owned asset operation in the eastern area of Lianyungang City; (2) good track record of receiving government support; and (3) diversified funding channels.

However, the rating is constrained by the Company’s (1) high risk exposure to commercial activities, especially in tourism and property development business; (2) increasing debt burden driven by capital-intensive and large-scale construction projects; and (3) moderate asset liquidity.

The stable outlook on Haizhou Bay Holding’s rating reflects our expectation that the local government’s capacity to provide support will remain stable, and the Company will maintain its important role in the development of Lianyungang City over the next 12-18 months.

Rating Drivers

- Important position as the core entity in the infrastructure construction and state-owned asset operation in the eastern area of Lianyungang City
- Strong stability in the infrastructure construction business in Lianyun District
- High exposure to commercial activities, especially in tourism and property development business
- Good track record of receiving government support
- Increasing debt burden driven by construction projects and moderate asset liquidity
- Diversified funding channels

Rating Sensitivities

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 increased debt management or decreased exposure to risky commercial activities.

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 reduced policy significance or deteriorated refinancing ability.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	54.6	59.8	63.2	67.8
Total Equity (RMB billion)	23.2	23.6	23.9	26.9
Total Revenue (RMB billion)	1.9	2.2	2.9	1.9
Total Debt/Total Capital (%)	53.0	53.6	54.9	53.4

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

Source: Company data, CCXAP research

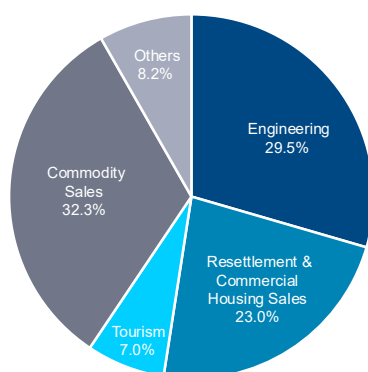
Corporate Profile

Established in 2012, Haizhou Bay Holding was originally named Jiangsu Haizhou Bay Investment Co., Ltd. In October 2023, the Lianyun District Government increased its registered capital to RMB5.0 billion and transferred equity stakes in several local state-owned enterprises ("SOEs") to the Company, expanding its asset scale and business scope. At the same time, the Company's shareholder was changed to the Lianyungang Municipal Government.

The Company is positioned as the most important entity for urban construction investment and state-owned asset operation in the eastern urban area of Lianyungang City. The Company primarily conducts infrastructure construction and resettlement housing development in Lianyun District through its subsidiaries, while also expanding into diversified commercial activities such as tourism development and operations, real estate development, trading business, self-operated projects and other businesses. As of 30 September 2025, the Company was directly and wholly-owned by the Lianyungang Municipal Government.

Exhibit 1. Shareholding chart as of 30 September 2025

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

Source: Company information, CCXAP research

Rating Considerations**Government's Capacity to Provide Support**

We believe that the Lianyungang Municipal Government has very strong capacity to provide support to the Company, given its GRP of over RMB480.0 billion with rapid growth rate, ranking one of the Top 100 prefecture-level cities in China. It also has good industrial development and port resources. However, Lianyungang Municipal Government's fiscal metrics are moderate.

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, chemical, and textile. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2025, Jiangsu Province recorded a GRP of RMB14.2 trillion, with a YoY increase of 5.3%. The per capita GRP also ranked top among all provinces in China for years.

Lianyungang City is one of the first 14 Chinese coastal cities opening to the outside world and has one of the major ports of China — the Lianyungang Port. With geographic advantages, Lianyungang City has developed port industries such as petrochemicals, ferrous metallurgy and mechanical equipment manufacturing. Lianyungang City also promotes emerging industries such as biomedical, new materials, new energy and high-end equipment industry. Rapid industrial growth supports Lianyungang City's economy to maintain growth. In 2025, Lianyungang City's GRP increased by 5.0% to RMB483.1 billion. Compared to last year, the general budgetary revenue increased to RMB30.6 billion from RMB28.7 billion, with tax revenue rising to RMB21.7 billion from RMB20.9 billion. The 3-year average fiscal stability (tax/general budget revenue) was 73.4%, indicating a good

revenue-generating ability. However, the fiscal sufficiency of Lianyungang Municipal Government was still relatively weak. The average self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) was less than 50% over the past three years, indicating high reliance on support from high-tier governments. In addition, the governmental fund revenue is an important supplement to the financial resources of the Lianyungang Municipal Government, which highly depends on the performance of land sales market. The local government's direct debt kept increasing and reached around RMB98.6 billion as of the end of 2025, accounting for about 20.4% of GRP.

Exhibit 3. Key economic and fiscal indicators of Lianyungang City

	2023FY	2024FY	2025FY
GRP (RMB billion)	436.4	466.3	483.1
GRP Growth (%)	10.2	5.8	5.0
General Budgetary Revenue (RMB billion)	25.6	28.7	30.6
General Budgetary Expenditure (RMB billion)	57.5	59.6	60.8
Local Government Debt (RMB billion)	73.3	85.3	98.6

Source: Statistics Bureau of Lianyungang City, CCXAP research

Lianyun District has abundant ocean and tourism resources and has been awarded as an all-for-one tourism demonstration zone since 2016. The local government has also promoted industrial development by establishing industrial parks to attract investments, such as the SCO (Lianyungang) International Logistics Park ("SCO Park") and the Lianyun EDZ. Metal materials and chemical industries are Lianyun District's pillar industries. Lianyun District has a small economic size among county-level cities in Lianyungang City but has kept ongoing economic growth over the past few years. In 2024, Lianyun District achieved a GRP of RMB32.3 billion, representing a YoY increase of 5.8%. During the first half of 2025, Lianyun District has achieved GDP of RMB15.3 billion with a YoY increase of 3.5%. Lianyun District has relatively good fiscal balance and stability. In 2025, its general budgetary revenue increased to RMB3.0 billion from RMB2.5 billion in 2024. Meanwhile, the tax revenue, a stable source for Lianyun District Government's general budgetary revenue, also increased to RMB2.6 billion. The fiscal balance ratio remained at a high level of 121.9% and tax accounted for 83.0% of its budgetary revenue on average over the past three years, representing a relatively good fiscal quality. As of the end of 2025, the Lianyun District Government's outstanding government debts slightly increased to RMB2.9 billion from RMB2.6 billion.

Exhibit 4. Key economic and fiscal indicators of Lianyun District

	2023FY	2024FY	2025FY
GRP (RMB billion)	28.6	32.3	-
GRP Growth (%)	9.5	5.8	-
General Budgetary Revenue (RMB billion)	2.4	2.5	3.0
General Budgetary Expenditure (RMB billion)	2.1	2.1	2.3
Local Government Debt (RMB billion)	2.3	2.6	2.9

Source: Lianyun District Government, CCXAP research

Government's Willingness to Provide Support

Important position as the core entity in the urban construction and state-owned asset operation in the eastern area of Lianyungang City

Lianyungang City has several municipal first-tier SOEs, each with clear operational divisions. As a key local player in infrastructure investment and construction in the eastern area of Lianyungang City, the Company undertakes the development, construction and supporting services for many municipal-level projects covering Lianyun New Town, SCO Logistics Park, and the Lianyun Area of Lianyungang Section within China (Jiangsu) Pilot Free Trade Zone. Through its subsidiaries, Haizhou Bay Holdings is deeply involved in three major business sectors including cultural tourism, urban operation and marine economy. Relying on its abundant sea area use rights and high-quality coastal scenic resources, the Company deepens marine resource development via sea right leasing and aquatic tourism operation, driving local industrial and economic growth. We believe its strategic positioning will not be replaced by other local state-owned enterprises in the short term.

Strong stability in the infrastructure construction business in the Lianyun District

As the primary infrastructure construction entity in the Lianyun District, the Company mainly undertakes projects on an entrusted construction basis for local government and related entrusting parties. Its core business covers old town demolition and renovation, urban public infrastructure development, industrial park construction, and tourism infrastructure development within the region.

The Company's subsidiary, Jiangsu Haizhou Bay Development Group Co., Ltd., has signed entrusted construction agreements with the Lianyungun District Government, the Lianyungang Municipal Government, and the Lianyungang Bureau of Finance. Under the entrusted construction model, the Company is responsible for investment and construction of the projects. Upon completion and acceptance, the entrusting parties settle the payment based on the invested costs plus a fixed markup with the general repurchase period of five years. Over the past several years, Haizhou Bay Holding has completed a number of key infrastructure construction projects, such as comprehensive environmental improvement, schools, roads, and fire stations. As of 30 September 2025, the Company had 25 key entrusted construction projects under construction, with a total investment of RMB9.1 billion and an outstanding amount of around RMB2.0 billion. The Company's infrastructure construction business is operating steadily with substantial pipeline of projects; however, the process of project settlement and revenue recognition is proceeding slowly. Revenue of RMB272.0 million has been recognized for projects under construction. Meanwhile, the Company had 8 projects under planning with an estimated total investment of RMB231.0 million.

The Company also undertakes the construction and sales of resettlement housing in the Lianyun District, with strong regional exclusivity. Under the entrusted construction agreement with Lianyung District Government, the Company invests in and constructs the resettlement housing projects, which will be repurchased by the government at actual cost plus a fixed markup upon completion and acceptance. As of 30 September 2025, the Company had 5 completed resettlement housing projects with a total investment of RMB1.9 billion and cumulative repayment of RMB1.7 billion. At the same time, there were no projects under construction or planned. The remaining resettlement housing sales and repayment are subject to the local government's repurchase progress.

Overall, we expected that Haizhou Bay Holding's position in Lianyungang City to remain stable considering its sufficient projects on hand.

High exposure to commercial activities, especially in tourism and property development business

Apart from infrastructure construction and resettlement housing services, Haizhou Bay Holding also engages in other commercial activities including tourism development and operations, real estate development, trading business, self-operated projects and other businesses. We consider the Company's exposure to commercial

activities to be high, accounting for more than 30% of its total assets. The development and operation of cultural tourism projects and commercial real estate entail substantial early-stage investment and extended payback periods, which is exposed to greater uncertainty and operational risks.

The Company conducts tourism business via its subsidiaries, operating major scenic spots such as Lian Island Scenic Area, Haishang Yuntaishan Scenic Area and Lianyungang Old Street with authorized operation rights. Revenue from tickets, scenic shuttle services and secondary consumption is mainly settled in cash. Lian Island Scenic Area was accredited as a national 5A-level tourist attraction in February 2024, while Haishang Yuntaishan Scenic Area is a national 4A-level scenic area and national forest park. Benefiting from the tourism recovery, upgraded supporting facilities and enriched consumption programs, the Company's tourism revenue has picked up notably, recording RMB 61.4 million, 206.7 million and 198.9 million from 2022 to 2024, respectively. As of 30 September 2025, the Company had 4 ongoing tourism projects with a total investment of RMB1.4 billion, of which RMB277.0 million remains to be invested. It also has 6 projects under planning, with an estimated total investment of RMB2.4 billion. These projects mainly cover hotels and tourist facilities, which balance investment costs through independent operation. However, the large-scale investment in the tourism sector will place certain capital pressure and operational uncertainties to the Company in the future.

For real estate development business, the Company's only project under construction is the Yuelongfu Project, a guaranteed-delivery commercial housing project. This project was halted in early 2022 and was acquired by the Company's subsidiary under the guidance of Lianyung District Government in May 2023. Yuelongfu Project has a total saleable area of 326,300 square meters, with cumulative sales income of RMB985.0 million as of end-September 2025. The Company also has one real estate project under planning in Lianyung Xincheng with a land area of 54,400 square meters and a total planned investment of RMB910.0 million. Affected by the weak domestic real estate market, the Company's commercial property sales have suffered losses since 2023. The Company intends to expand sales channels for the Longyuefu Project to speed up inventory clearance. Housing prices in Lianyung District have remained under pressure for the past years, creating uncertainties for property destocking.

Haizhou Bay Holding also participates in trading business through its subsidiaries, including the sales of threaded steel and soybeans. The Company mainly adopts demand-on-purchase mode which means orders to upstream suppliers would be placed only when the sale contracts are signed with downstream customers. Its trading business mainly involves state-owned upstream and downstream clients with relatively high customer concentration. The procurements from the top 5 suppliers accounted for more than 85% of its total procurement in 2024, as does the sales side of customers. Transactions are primarily settled via bank transfers with short credit periods of less than 30 days. Commodity sales constitute a major source of operating revenue, which reached RMB909.1 million, RMB934.1 million and RMB924.1 million from 2022 to 2024, respectively. However, the Company's commodity sales business features a low gross profit margin and makes limited contribution to overall profits. Moreover, the trading business may be subject to certain uncertainty risks as the product categories have fluctuated in recent years.

Haizhou Bay Holding also engages in a series of self-operated projects, such as cold-chain logistics facilities, grain warehouses and industrial parks. The Company is expected to achieve fund balancing through future operating income, such as leasing. As of 30 September 2025, there were 4 key self-operating projects under construction, with a total estimated investment of RMB2.4 billion and an uninvested amount of RMB1.8 billion. Most of these projects are funded through external financing, which may result in certain capital expenditure pressures. We believe the riskiness of the business is manageable as the development of these self-operating projects is aligned with the economic growth and industrial development of Lianyungang City.

In addition, Haizhou Bay Holding's other businesses, including tourism services, sewage treatment, solar power generation, and small loans, contribute to its operating revenue. Although these types of commercial activities expand and diversify the Company's revenue, they are highly subject to market conditions and might bring considerable counterparty and operational risks to the Company. The Company's tourism services business primarily consists of hotel operations and food services. As of 30 September 2025, the Company operated three hotels with a total of 142 rooms. Due to distinct local tourism seasons and ongoing upgrades to room facilities, the overall hotel occupancy rates have improved in recent years but remain low. Regarding the sewage treatment business, the Company is the sole industrial sewage treatment provider in the Lianyungang Development Zone with stable treatment rates. As of the end of September 2025, the Company's sewage pipeline network spanned approximately 138 kilometers, with an actual total treatment capacity of about 15,000 metric tons per day. Additionally, the Company currently has a sewage treatment plant under construction, with a total estimated investment of RMB300.0 million. The Company primarily achieves funding balance through dividends from its joint ventures. The Company's photovoltaic power stations are located within the Lianyungang Development Zone. As of 30 September 2025, the Company had two distributed photovoltaic power generation projects under construction, with an estimated total investment of RMB22.1 million and uninvested amount of RMB14.1 million. Additionally, the Company conducts small loans business primarily to the "agriculture, rural areas, and farmers" sector. As of 30 September 2025, the outstanding amount of the small loans business was RMB79.0 million, of which RMB20.0 million was classified as doubtful loans, indicating a relatively high non-performing loan ratio. For non-performing loans, the Company is currently pursuing recovery through negotiation, litigation, and the auction of collateral; however, it may still face certain risks of loss. From 2022 to 2024, the revenue from other businesses increased from RMB78.5 million to RMB236.2 million.

Good track record of receiving government support

Since its establishment, Haizhou Bay Holding has received ongoing support from the local governments of Lianyungang City and Lianyungang District, including capital injections, asset transfers, government subsidies and payments for previous construction projects, which could help the Company meet its policy objectives and financial obligations. Since 2012, the Company has continued to receive equity injection in various local SOEs from the local government, which became the important subsidiaries of the Company to carry out its main business. The capital reserve is primarily composed of sea rights, land rights, cash funds and equities transferred by the local government.

In addition, the Company received several asset injections, such as sea area use rights, and operational rights of the scenic area, from the local government. In 2023, the Company received several sea area use rights for development or leasing. In September 2025, the Company was granted the franchise right for Lian Island Scenic Area, contributing an increase of RMB3.2 billion to capital reserve in the current period. The Company also continues receiving subsidies and repayments from the local government in terms of the infrastructure construction and land consolidation businesses, despite a long collection period. In 2024 and the first nine months of 2025, the Company received subsidies of RMB390.0 million and RMB136.0 million, respectively. Overall, we expect Haizhou Bay Holding to receive ongoing government support in the next 12-18 months given its strategic role in the Lianyungang City.

Rising debt level driven by increasing capital expenditure

Haizhou Bay Holding has a high financing leverage with substantial short-term refinancing needs due to its capital-intensive and large-scale construction projects in previous years. As of 30 September 2025, Company's total debt (including perpetual bonds) increased to RMB30.8 billion from RMB26.1 billion at end-2022. Its

capitalization ratio, as measured by total debt to total capital, increased from 53.0% at end-2022 to 53.4% at the end of September 2025. The increase in borrowing was mainly for debt refinancing as well as projects including public utility and tourism project. In addition, there were refinancing needs for its short-term debt as the short-term debt accounted for 50.4% of its total debt as of 30 September 2025, and the cash to short-term debt ratio was around 0.4x. We expected the Company to rely on external financing to meet its capital expenditure and the debt leverage will remain at a relatively high level in the next 12 to 18 months.

Haizhou Bay Holding's receivables and inventories accounted for a relatively large proportion of its total assets, totaling around 59.3% of its total assets as of 30 September 2025, which constrained the Company's liquidity profile. The inventories were mainly development costs resulting from infrastructure construction and property development, which were difficult to monetize in the short term. The receivables mainly consist of payments from the Lianyung District Finance Bureau for entrusted construction and resettlement housing repurchase projects. Moreover, the Company had pledged a number of assets for loans, mainly inventories, other non-current assets and investment properties, accounting for 17.5% of its total assets as of 30 September 2025. Moderate asset liquidity may also undermine the Company's financing flexibility.

Good access to diversified funding channels

Haizhou Bay Holding has access to diversified financing channels, primarily including bank borrowings and onshore capital markets, which could partially release the pressure on debt repayment and capital expenditure. Bank borrowing is the major financing sources which accounts for around 70% of its total debt. The Company maintains good relationships with major policy banks, large state-owned commercial banks and joint-stock commercial banks such as Bank of China, Industrial and Commercial Bank of China and Bank of Nanjing Co., Ltd. As of 30 September 2025, the Company obtained total credit facilities of RMB31.1 billion, with an unutilized amount of around RMB3.9 billion, providing standby liquidity buffer. The Company has good track record of issuing different bond instruments in the onshore debt markets such as corporate bonds, MTNs and PPNs. For example, from 2024 to 2026Q1, the Company had issued 8 tranches of onshore bonds raising a total amount of RMB3.9 billion, with coupon rate ranging from 2.67% to 4.45%. In addition, the Company's exposure to non-standard financing was manageable, which accounted for less than 10% of its total debts as of 30 September 2025. Overall, we expect Haizhou Bay Holding's refinancing risk to be relatively manageable over the next 12-18 months.

Low level of contingent risk

Haizhou Bay Holding bears certain contingent risk resulting from regional external guarantees. As of 30 September 2025, the Company had outstanding external guarantees of RMB1.8 billion, representing 6.8% of its net assets. The Company's contingent liabilities are subject to regional risks due to the mutual guarantee situation. In case a credit event occurs in the region, the Company may face certain contingent liability risks, which could negatively impact its credit quality. Nevertheless, we believe that the credit risk of these guarantees is manageable, as all of them are provided to local SOEs.

ESG Considerations

Haizhou Bay Holding bears environmental risks through its infrastructure projects. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during the construction.

Haizhou Bay Holding is also exposed to social risks as a public services provider in Lianyung District,

Lianyungang City. Demographic changes, public awareness, and social priorities shape the government's target for Yungang Group or affect the government's propensity to support the Company.

Haizhou Bay Holding' governance considerations are also material as the Company is subject to oversight by the Lianyungang Municipal Government and must 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 5. Peer Comparison

	Jiangsu Haizhou Bay Holding Group Co., Ltd.	Jiangsu Fangyang Holdings Co., Ltd.
Long-Term Credit Rating	A _g	A _g
Shareholder	Lianyungang Municipal Government (100%)	Lianyungang Municipal Government (100%)
Positioning	Key role in construction, development and operation management in the eastern part of Lianyungang City	Core entity in the construction and development of Xuwei New District
Total Asset (RMB billion)	63.2	118.2
Total Equity (RMB billion)	23.9	46.3
Total Revenue (RMB billion)	2.9	16.8
Total Debt/Total Capital (%)	54.9	60.5

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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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656