Credit Opinion

6 November 2026

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

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Jiangsu Xinkai Investment Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Jiangsu Xinkai Investment Group Co., Ltd. ("Xinkai Group" or the "Company") 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").

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.

Rating Drivers

- Important role in infrastructure construction in the Dongjin area of Taizhou City New City District and Jiangyan District with sufficient project reserves
- Moderate risk exposure to commercial activities
- Track record of receiving government support
- Large near-term debt pressure and weak asset liquidity
- Access to diversified financing channels
- Large exposure to external guarantees mainly provided to local SOEs

Rating Sensitivities

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.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	74.7	73.5	78.0	81.6
Total Equity (RMB billion)	31.9	32.4	34.4	34.5
Total Revenue (RMB billion)	3.4	3.6	2.7	1.2
Total Debt/Total Capital (%)	54.0	51.9	49.4	52.0

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

Source: Company data, CCXAP research

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.

Exhibit 1. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

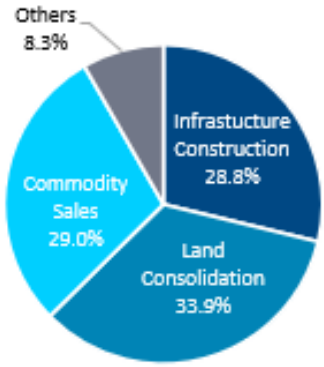
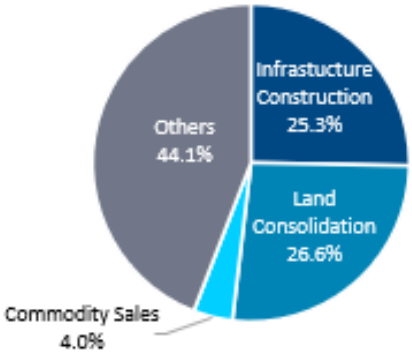


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government’s Capacity to Provide Support

We believe the Taizhou Municipal Government has a very strong capacity to provide support given its good industrial base and ongoing economic growth.

Jiangsu Province is one of China’s most developed provinces. It is home to many of the world’s leading electronic equipment, chemical, and textile enterprises and is the second largest province in China by gross regional product (“GRP”), after Guangdong Province. In 2025, Jiangsu Province’s GRP amounted to RMB14.2 trillion, representing year-on-year (“YoY”) growth of 5.3%, while general budgetary revenue increased to RMB1.0 trillion. In 2026H1, the province’s GRP reached RMB7.0 trillion, up 5.2% YoY. Its per capita GRP has also ranked 1st among Chinese provinces for years.

Taizhou City is a prefecture-level city in central Jiangsu Province, with pharmaceuticals, electricity, chemicals, and shipbuilding as its pillar industries. The city has maintained steady economic growth in recent years. Its GRP increased by 5.3% year-on-year to RMB725.5 billion in 2025, while general budgetary revenue rose steadily from RMB44.0 billion in 2023 to RMB47.5 billion in 2025. In 2026H1, Taizhou City’s GRP reached RMB364.8 billion, up 4.6% YoY. Fiscal self-sufficiency remained relatively strong, although government fund revenue continued to be affected by the weak land market. At end-2025, the outstanding direct debt of the Taizhou Municipal Government increased to RMB155.9 billion, equivalent to 21.5% of GRP.

Exhibit 4. Key economic and fiscal indicators of Taizhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	673.2	702.1	725.5
GRP Growth (%)	6.8	5.1	5.3
General Budgetary Revenue (RMB billion)	44.0	46.2	47.5
General Budgetary Expenditure (RMB billion)	69.7	69.6	68.6
Local Government Debt (RMB billion)	107.1	131.6	155.9

Source: Taizhou Municipal Government, CCXAP research

As one of the main urban districts of Taizhou City, Jiangyan District is located in the central eastern part of Taizhou City, between the Yangtze and Huai River. Jiangyan District has formed four pillar emerging industries: new energy and materials, intelligent machinery manufacturing, healthcare, and electronic information. In 2025, Jiangyan District's GRP increased by 5.6% YoY to RMB98.8 billion while general budgetary revenue increased to RMB4.7 billion. Jiangyan Economic Development Zone ("Jiangyan EDZ"), a provincial development zone in Taizhou City, achieved GRP of RMB23.3 billion and general budgetary revenue of RMB1.1 billion in 2025. Jiangyan EDZ has focused on developing a "2+1" industrial structure comprising new energy equipment manufacturing, automotive, marine and rail-transit component manufacturing, and smart electronic-information manufacturing. At end-2025, Jiangyan EDZ was home to more than 3,000 enterprises across over 10 sectors, including photovoltaics, automotive parts, textiles and semiconductors. Jiangyan High-tech Industrial Development Zone ("Jiangyan High-tech Zone"), formerly Jiangyan District Modern Science and Technology Industrial Park, was approved as a provincial-level high-tech zone in May 2025. Located in the southern part of Jiangyan District's main urban area, it has a planned area of 7.7 square kilometers and has formed a "1+2" industrial cluster led by precision manufacturing and supported by new-generation electronic information and healthcare.

Government's Willingness to Provide Support

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 ("LIIFCs") 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.

Entrusted by the local government or related government units, Xinkai Group undertakes infrastructure construction mainly under an agency construction model and receives payments based on project costs plus an agreed markup. As of end-2025, the Company had completed infrastructure projects with aggregate planned investment of RMB1.2 billion, recognized cumulative revenue of approximately RMB1.0 billion and received cash of RMB675.0 million. It also had 9 infrastructure projects under construction, mainly comprising roads, schools, and industrial parks, with aggregate planned investment of RMB3.3 billion, of which RMB1.8 billion had been invested. The remaining investment commitment of approximately RMB1.5 billion supports business continuity but also entails ongoing funding needs.

The Company also undertakes resettlement housing projects in the Jiangyan High-tech Zone (Luotang Street). Jiangyan District Government purchases completed housing based on actual costs plus a 15.0% markup. As of end-2025, the Company had delivered 5 main resettlement housing projects with cumulative investment of RMB3.9 billion. It also had 3 resettlement housing projects under construction, with aggregate planned investment of RMB1.8 billion, of which RMB1.0 billion had been invested. In addition, the Company had 2 planned projects with aggregate estimated investment of RMB470.0 million. The sizable pipeline supports business sustainability, although the relatively slow settlement and collection cycle continues to tie up capital.

In addition, entrusted by the local government, the Company undertakes land development in Jiangyan High-tech Zone (Luotang Street) and Jiangyan EDZ, including demolition and land levelling. The land project-related expenses are advanced by the Company, and the settlement amount between the relevant units and the Company is composed of the total land development expenditure plus interest and management fees (according to a certain proportion of the project expenditure). As of end-2025, completed land projects covered 5,715.2 mu, with cumulative revenue of RMB6.4 billion and cash collection of RMB5.4 billion. The Company still had approximately RMB990.0 million of receivables from the Jiangyan EDZ Management Committee and RMB15.1 billion of land-development costs not yet carried forward in inventory. Investment in the current projects was largely complete, and no additional land-development projects had been planned. Together with the prolonged collection cycle, these factors weaken the medium-term sustainability of this segment and result in sizeable capital occupation.

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.

Xinkai Group conducts commodity sales through its subsidiaries, mainly trading steel and new energy materials with enterprises in the industrial parks. In 2025, revenue from this segment declined to RMB795.0 million, accounting for 29.0% of total revenue, as the Company actively scaled back the business in line with its development plan. The gross profit margin remained low at 1.5%. Supplier concentration also remained relatively high, with the top 5 suppliers accounting for 63.2% of total procurement. The low margin, changing counterparties and high supplier concentration continue to constrain the credit contribution of this business.

Xinkai Group's self-operated projects mainly comprise factories, office buildings, industrial parks and supporting facilities that generate returns through leasing and sales. Leasing revenue increased to RMB135.0 million in 2025 as more assets became operational. As of end-2025, 10 key projects under construction had aggregate planned investment of RMB3.9 billion, of which RMB1.1 billion had been invested. The sizeable remaining commitment of RMB2.8 billion adds to capital expenditure pressure, while the pace of leasing and sales and the long investment-return cycle create uncertainty over future cash generation.

In addition to resettlement housing, Xinkai Group has engaged in the development and sale of commercial housing in Jiangyan District since 2023. Revenue from this segment fell to RMB63.0 million in 2025, with a gross profit margin of 20.2%, as the Jingyuan Community Phase I Project approached the end of sales. The project had total investment of RMB530.0 million, a saleable area of 55,300 square meters and cumulative sales of about 55,000 square meters at end-2025. With only a small area remaining and no other commercial housing

projects under construction or planning, the segment is expected to make a limited revenue contribution going forward.

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, up from RMB322.8 million in 2024. 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, although the slow collection of some public-project receivables remains a constraint.

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 RMB37.5 billion at end-2023, 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. Inventories mainly comprised development costs for infrastructure and land consolidation projects, while other receivables were mainly payments due from government related entities and local SOEs. Although the ultimate recovery risk of these assets is moderated by their public-sector counterparties, their realization cycle is long and sensitive to the financial position of local governments and SOEs. Restricted assets amounted to RMB11.8 billion, or 15.2% of total assets, at end-2025, further limiting financial flexibility.

Access to diversified financing channels

Xinkai Group has access to diversified funding channels including bank borrowings, onshore and offshore debt capital markets and non-standard financing, which partly mitigate its refinancing and capital expenditure pressure. Bank loans remain the primary funding source. The Company maintains good relationships with policy banks, joint-stock commercial banks and large state-owned commercial banks, such as China Development Bank, China Construction Bank and Bank of China. At end-2025, it had total bank credit facilities of RMB38.3 billion, of which RMB12.3 billion was unused, providing a moderate liquidity buffer. The Company and its subsidiary JYED have an active track record in the debt capital markets through corporate bonds, medium-term notes and offshore bonds. At end-2025, non-standard financing amounted to RMB9.6 billion, representing 29.4% of the Company's financing balance. It mainly comprised trust loans and finance lease obligations. The sizeable exposure indicates relatively high reliance on non-bank financing and increases funding-cost and refinancing risks.

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.

ESG Considerations

Xinkai Group faces environmental risks because it undertakes infrastructure construction projects. These risks can be mitigated through environmental studies and planning before construction begins and close monitoring during the construction phase.

Xinkai Group is also exposed to social risks as it implements public-policy initiatives through the construction of public infrastructure in Taizhou City. Demographic changes, public awareness and social priorities shape the government's development strategy and may affect its propensity to support the Company.

Xinkai Group's governance considerations are also material because the Company is subject to oversight by the Taizhou Municipal Government and must meet various 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).

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