Hing Yip Holdings Limited

Summary	
Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Analysts

Joyce Huang, CFA
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Chris Cao
(852) 3462 9579
chris.cao@lhratingsglobal.com

Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Lianhe Ratings Global Limited has affirmed 'BBB+' global scale Long-term Issuer Credit Rating of Hing Yip Holdings Limited ("HYH"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Nanhai District, Foshan City ("Nanhai government") would provide strong support to HYH if needed. This mainly reflects the government's majority ownership of HYH as well as HYH's strategic position as a key local investment and development company focusing on wellness elderly care, financial leasing, and civil explosives businesses in Nanhai District, Foshan City ("Nanhai"). The linkage between the Nanhai government and HYH is strong, including supervision of the management and major investment and financing decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local government has a strong willingness to ensure HYH's business and financial viability in order to safeguard its reputation and local financing activities.

Nanhai is a municipal district of Foshan City, Guangdong Province, with a well-developed economy. The district sustained its GDP at more than RMB400.0 billion in 2025, while its budgetary revenue grew by 2.8% to RMB21.8 billion over the same period.

The Stable Outlook reflects our expectation that HYH's strategic importance would remain intact while the Nanhai government will continue to ensure HYH's stable operation.

Lianhe Global has also affirmed 'BBB+' global scale Long-term Issuance Credit Rating of the senior unsecured USD bonds issued by HYH. A full list of affirmed issuance rating is included in this report.

Rating Rationale

Government's Ownership and Supervision: The Nanhai government is the ultimate controller of HYH, holding the majority ownership through the State-owned Assets Supervision and Administrative Bureau of Nanhai District, Foshan City's 90.25%-owned subsidiary, Guangdong Nanhai Holding Group Co., Ltd. The Nanhai government does not directly participate in the company's daily operations, yet it provides support and guidance on major matters such as company restructuring, safeguarding and enhancing state-owned assets, and optimizing asset allocation. The government exercises oversight through shareholder and board functions, monitoring HYH's management, business performance and financial results.

Strategic Importance and Alignment: HYH plays an important role in advancing Nanhai's regional economic development and strengthening social welfare, by taking the wellness elderly care business as the principal focus, and technology, finance leasing, civil explosives business as the strategic support. In line with national policy directives, HYH has continued to advance the development of a comprehensive three-tier elderly care service system in Nanhai District, encompassing institutional care, community-based services and home-based care. It remains the operator with the largest number of operational beds in Foshan, maintaining a leading position in elderly care services in the Greater Bay Area. In addition, HYH continued to focus on the environmental protection sector in its financial leasing business.

Ongoing Government Support: HYH has received continuous support from the Nanhai government, including the free transfer of public elderly care institutions for operation, the divestment of capital-intensive industrial park businesses to refocus on healthcare and technology, and assistance in leveraging subsidy and tax incentive policies. As an important platform in the district's healthcare and elderly care development, we believe HYH benefits from privileged access to resources and policy support, while government support will remain intact to ensure HYH's business operation and development. HYH received government subsidies totaling RMB128.2 million and tax incentives of RMB21.0 million between 2022 and 2025.

HYH's Financial Matrix and Liquidity: HYH's total assets continued to grow steadily, reaching HKD9.3 billion at end-June 2026, up from HKD7.5 billion at end-2024. Non-current assets accounted for 65.3% of the total, with a significant amount of its assets pledged to secure bank loans and general banking facilities. The company's financial leverage, measured by the debt-to-capitalization ratio, rose modestly to 76.3% at end-June 2026, compared with 73.7% at end-2024. As of end-June 2026, HYH held HKD963.9 million in cash against RMB2.2 billion of debt to be due within one year. Nevertheless, the company maintains access to various financing channels, such as bank borrowings and bond issuance, with unused credit lines.

Rating Sensitivities

We would consider downgrading HYH's rating if (1) there is perceived weakening in support from the Nanhai government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the Nanhai government's ownership of HYH, or (3) there is a downgrade in our internal credit assessment on the Nanhai government.

We would consider upgrading HYH's rating if (1) there is strengthened support from the Nanhai government, or (2) there is an upgrade in our internal credit assessment on the Nanhai government.

Any rating action on HYH's rating would result in a similar rating action on its USD bonds.

Full List of Issuance Ratings

- USD57 million 7.0% senior unsecured bonds due 2027 affirmed at 'BBB+'

Operating Environment

Economic Condition of Nanhai

Nanhai, located in the Greater Bay Area, is a municipal district of Foshan City with a land area of 1,072 square kilometers and a residential population of 3.7 million. By end-2025, its urbanization rate reached 96.3%. The district is actively promoting emerging industries, stabilizing growth, and enhancing quality and efficiency, and has ranked second among China's top 100 districts in comprehensive strength for 12 consecutive years.

Nanhai sustained its GDP at more than RMB400.0 billion in 2025, with the economy still dominated by the secondary and tertiary sectors, which accounted for 49.6% and 48.5% of GDP, respectively. The district maintained a high urbanization rate and a strong GDP per capital of approximately RMB107,000 in 2025. On the other hand, fixed asset investment declined significantly by 16.4% during the year.

Nanhai's Economic Condition (RMB billion)	2023	2024	2025
GDP	395.2	400.3	400.0
-Primary industry (%)	1.8	1.9	1.9
-Secondary industry (%)	49.2	48.6	49.6
-Tertiary industry (%)	49.0	49.5	48.5
GDP growth rate (%)	4.5	1.8	-0.1[a]
Fixed asset investment growth rate (%)	-14.3	-6.2	-16.4
Population (million)	3.7	3.7	3.7

[a] estimate
Source: Statistical Bureau of Nanhai and Lianhe Global's calculations

Fiscal Condition of Nanhai

The Nanhai government's budgetary revenue grew modestly by 2.8% in 2025 to RMB21.8 billion, reversing the 6.2% decline recorded in 2024. Tax revenue contributed moderately, accounting for 55.1% of total budgetary revenue in 2025. Fiscal self-sufficiency of the Nanhai government improved notably, with the budget deficit narrowed to 22.9% in 2025 from 33.2% in 2024. Government fund income fell to RMB11.1billion in 2025, while transfer payments from higher-level government remained largely stable.

The outstanding debt of the Nanhai government continued to grow in the past few years. At end-2025, the Nanhai government's outstanding debt increased to RMB112.1 billion from RMB100.4 billion at end-2024, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue, was further elevated to 275.0% at end-2025 from 221.4% at end-2024.

Nanhai's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	22.7	21.3	21.8
Budgetary revenue growth rate (%)	-12.3	-6.2	2.8
Tax revenue	12.0	11.0	12.0
Tax revenue (% of budgetary revenue)	52.9	52.0	55.1
Government fund income	19.8	18.1	11.1
Transfer payment	5.3	5.9	7.7
Aggregate revenue	47.9	45.4	40.7
Budgetary expenditure	28.2	28.3	26.8
Budget balance[1] (%)	-24.4	-33.2	-22.9
Government debt ratio (%)	182.8	221.4	275.0

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Nanhai and Lianhe Global's calculations

Company Profile

Established in Bermuda in 1992, HYH is a comprehensive services provider listed on the Hong Kong Stock Exchange specialized in wellness elderly care, while also operating in the technology, finance leasing, and civil explosives sectors. The company is committed to establish itself as a leading technology-enabled health and wellness service provider in the Greater Bay Area and has concentrated its resources on the wellness and elderly care sector, steadily advancing the optimization of its "1+X" industrial structure. As of end-June 2026, the company issued HKD171.2 million share capital out of HKD300 million authorized capital. The Nanhai government is the ultimate controller of the company, indirectly owning more than 75% of HYH's equity as of end-2025.

In 2025, HYH's total revenue was about HKD883.7 million, representing a year-on-year increase of 10.6%. Revenue growth was underpinned by expansion across multiple business segments, including its core wellness and elderly care business, financial leasing, and the civil explosives segment. In 1H2026, HYH maintained steady revenue of HKD395.3 million, compared with HKD418.0 million in 1H2025. Meanwhile, the company reported net profit of HKD82.2 million and HKD34.5 million in 2025 and 1H2026, respectively.

Key Financial Data (HKD million)	**2023**	**2024**	**2025**	**2026.6**
Total Assets	9,756	7,484	8,656	9,294
Equity	2,119	1,837	2,003	2,074
Debt	5,310	5,144	6,102	6,664
Debt / (Debt + Equity) (%)	71.5	73.7	75.3	76.3
Unrestricted cash/ST Debts (x)	0.3	0.5	0.3	0.4
Debt/EBITDA (x)	34.0	19.8	23.6	-
Revenue	821	799	884	395
Gross Margin (%)	38.5	43.0	48.3	47.8

Source: HYH and Lianhe Global's calculations

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