Credit Opinion

13 November 2026

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

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Huizhou Transportation Investment Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g long-term credit rating of Huizhou Transportation Investment Group Co., Ltd. ("HTIG" or the "Company") reflects Huizhou Municipal Government's (1) very strong capacity to provide support, and (2) very high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Huizhou Municipal Government's capacity to provide support reflects Huizhou City's good geographic advantage and strong industrial development, with ongoing economic and fiscal growth.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) dominant role in transportation construction and operation of Huizhou City; (2) high sustainability in local public activities; and (3) track record of receiving government support.

However, the rating is constrained by the Company's (1) high exposure to commercial activities; (2) high debt growth and leverage; and (3) moderate asset quality.

The stable outlook on HTIG's rating reflects our expectation that, for the next 12 to 18 months, the local government's capacity to support will remain stable, and the Company will maintain its dominant role in transportation infrastructure construction and operation in Huizhou City.

Rating Drivers

- Dominant role in the transportation construction and operation of Huizhou City
- High sustainability in local public activities
- High exposure to commercial activities
- Track record of receiving government support
- High debt growth and leverage
- Moderate asset quality

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improvement in debt leverage or assets quality.

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 decrease in its strategic significance, decrease in government payments, or increase in exposure to commercial activities.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	85.3	93.2	99.7	101.4
Total Equity (RMB billion)	25.1	27.3	28.2	28.3
Total Revenue (RMB billion)	6.8	7.5	6.9	2.8
Total Debt/Total Capital (%)	64.2	66.3	69.8	70.9

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

Source: Company information, CCXAP research

Corporate Profile

Established in 2012, HTIG is the most important local infrastructure investment and financing company ("LIIFC") for transportation infrastructure construction and operation in Huizhou City. The Company is mainly engaged in toll road construction and operation, engineering construction, and public transportation operation. In addition, the Company is also engaged in commercial businesses, including freightage transportation and sandstone sales. As of 30 June 2026, the State-owned Assets Supervision and Administration Commission of Huizhou Municipal Government ("Huizhou SASAC") held 90% equity interests of HTIG, while the Guangdong Provincial Department of Finance held the remaining 10%. Huizhou SASAC is the ultimate shareholder of the Company.

Exhibit 1. Revenue structure in 2025

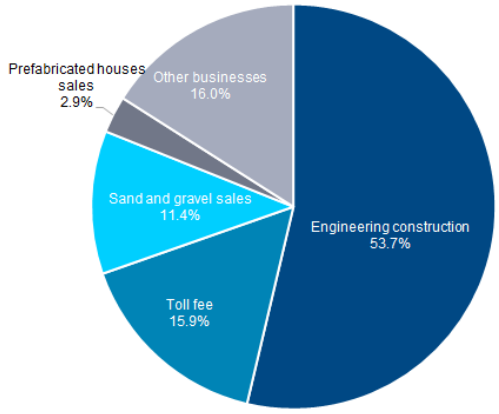
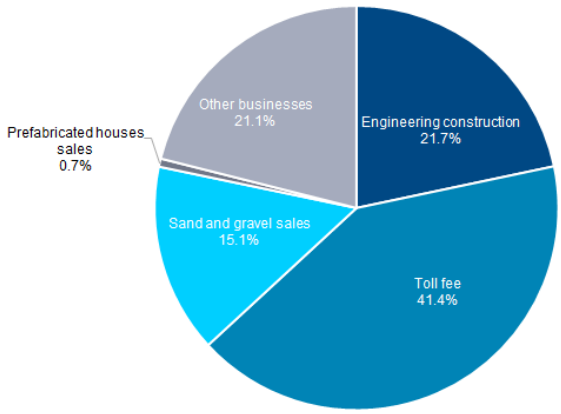


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Rating Considerations

Government Capacity to Provide Support

We believe that the Huizhou Municipal Government has a very strong capacity to provide support, as reflected by its good geographic advantage and strong industrial development, with ongoing economic and fiscal growth.

Guangdong Province is one of the most economically developed provinces in China, and its comprehensive economic strength outperforms other provinces. The gross regional product ("GRP") of Guangdong Province achieved RMB14.6 trillion in 2025, ranking first among all provinces in China, with a year-on-year ("YoY") increase of 3.9%. In 2025, its general budgetary revenue reached RMB1.4 trillion, ranking first in China for 35 consecutive years. In the first quarter of 2026, Guangdong Province achieved a GRP of RMB3.5 trillion, with a YoY growth rate of 4.6%.

Huizhou City is a key transportation hub on the east coast of China's Guangdong-Hong Kong-Macao Greater Bay Area. It boasts a robust transportation infrastructure, including an airport handling more than 2 million passengers annually and several major rail lines. Additionally, the city's extensive expressway network has a total length of more than 900 kilometers, further enhancing its connectivity and accessibility within the province. Huizhou City has built a "2+1" modern industrial cluster, with petrochemical energy, new materials, and electronic information as pillar industries.

In 2025, the GRP of Huizhou City grew to RMB636.4 billion from RMB613.6 billion in 2024. In 2026H1, Huizhou City achieved a GRP of RMB302.1 billion, with a YoY growth rate of 3.0%. The general budgetary revenue increased from RMB47.6 billion in 2024 to RMB53.9 billion in 2025. In 2025, the GRP and general budgetary

revenue of Huizhou City both ranked 5th among 21 prefecture-level cities in Guangdong Province. Its fiscal stability is moderate, with tax income accounting for around 55.8% of general budgetary revenue in 2025. It also has a moderate fiscal balance, with a general budgetary revenue to general budgetary expenditure ratio of 76.4% in 2025. In addition, Huizhou City's government fund revenue decreased by 18.8% YoY to RMB9.1 billion in 2025 due to the real estate market headwinds. Its outstanding government debt also increased to RMB176.0 billion in 2025 from RMB150.8 billion in 2024, which accounted for 27.7% of its GRP.

Exhibit 4. Key Economic and Fiscal Indicators of Huizhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	564.0	613.6	636.4
GRP Growth (%)	5.6	4.2	4.5
General Budgetary Revenue (RMB billion)	47.3	47.6	53.9
General Budgetary Expenditure (RMB billion)	72.7	70.3	70.5
Local Government Debt (RMB billion)	123.1	150.8	176.0

Source: Statistics Bureau of Huizhou City, CCXAP research

Government Willingness to Provide Support

Dominant role as the most important transportation construction and operation entity in Huizhou City

There are six functional LIIFCs in Huizhou City, with business covering transportation construction and operation, urban construction, water affairs, industrial investment, port construction and investment, and financial services. The Company is the largest municipal state-owned enterprise in Huizhou City in terms of total assets and the most important entity in investment, construction, operation, and management of transportation infrastructure. Benefiting from Huizhou City's status as a regional transportation hub, the Company has been able to invest in various important public projects such as Huida Expressway and Huiyan Expressway. Considering its high strategic significance to the development of Huizhou City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

High sustainability in local public activities

The Company's transportation business has high sustainability given the considerable amount of transportation construction projects in the pipeline and the strong traffic volume in the Huizhou Area. However, the large outstanding investment amount has also exerted large capital expenditure pressure on the Company.

As the most important transportation construction and operation entity in Huizhou City, the Company is responsible for the operation and management of expressways within Huizhou City. As of 30 June 2026, the Company had operated 3 expressways with a total toll mileage of 146.4 kilometers. The toll fee income amounted to RMB1.1 billion in 2025, representing a YoY growth of 5.3%. As of 31 March 2026, there are 2 controlled expressways under construction, with a total planned investment of RMB34.6 billion and an outstanding amount of RMB10.9 billion, bringing certain capital expenditure pressure to the Company.

In addition, the Company has also invested in expressways through equity participation. As of 30 June 2026, the Company invested in 6 expressways through equity participation, with a total mileage of 449.0 kilometers. Equity investment in expressways provides a stable dividend income for the Company, contributing an investment income of RMB149.0 million in 2025.

HTIG has also participated in 3 national and provincial highways construction under the PPP model, where the Company is responsible for the capital funds based on its proportion of shareholding. After completion of the

projects, the breakeven will be achieved by government payments, which are included in Huizhou City's medium and long-term fiscal expenditure. As of 31 March 2026, the project companies had invested RMB3.6 billion in the highway construction projects. From 2025 to 2026Q1, the Company recorded revenue of RMB306.0 million from the PPP projects, but only collected payments of RMB45.0 million.

Moreover, the Company is responsible for the public bus transportation in Huizhou City, with 482 buses and 54 bus routes with a total mileage of 3,270.0 kilometers as of 31 December 2025. This segment relies on government subsidies to achieve breakeven, and received subsidies of RMB138.0 million in 2025.

High exposure to commercial activities

HTIG also engages in commercial businesses, including freightage transportation, engineering construction, property development, parking lot operation, and sandstone sales. We consider the Company's exposure to commercial businesses to be high, accounting for more than 30% of its total assets.

The freightage transportation business is mainly operated via Huida Railway, with a total length of 51 kilometers. The majority of goods are chemical products. In 2025, the volume of goods delivered via Huida Railway increased slightly to 10.5 million tons from 9.1 million tons in 2024, resulting in revenue of around RMB195.0 million. In September 2025, the Company completed a new railway project and commenced operation, with planned total investment of RMB2.5 billion and an outstanding amount of RMB496.0 million. The final actual revenue will be officially confirmed when the settlement rules are mutually agreed upon with Guangdong Pearl River Delta Intercity Rail Transit Co., Ltd.

HTIG is also engaged in the engineering construction business. The projects are mainly road and parking lots. In 2025, the revenue from the engineering construction business decreased by 11.8% YoY. However, a large number of contracts on hand is expected to provide sustainable income for the Company. As of 31 March 2026, the Company had 21 major contracts with a total contract value of around RMB29.2 billion, of which the Company has completed a contract value of RMB18.2 billion and recognized revenue of RMB10.6 billion.

The sand and gravel sales business is the third-largest contributor to the Company's revenue. Due to the tepid demand and fierce market competition, the sand and gravel sales revenue decreased by 2.8% YoY to RMB787.0 million in 2025. As of 31 March 2026, the Company had obtained the mining rights of 8 green quarries in Huizhou City, with a total sandstone reserve of approximately 1.6 billion tons and an annual mining volume of approximately 74.8 million tons. Meanwhile, the Company had 9 quarries in operation or under construction, with a total planned investment of RMB23.0 billion and an uninvested amount of RMB6.2 billion, which brings certain capital expenditure pressure to the Company. With the completion of quarries, the sales revenue is expected to rise.

The Company also participates in the property development business. As of 31 March 2026, there were 2 property development projects under construction, with a total planned investment of RMB3.0 billion and an uninvested amount of RMB294.0 million. However, the slowdown of the property market in China may pose pressure on the Company's property sales and revenue recognition. As of 31 March 2026, the selling rates of the Company's property projects were low, and the Company has received sales payment of RMB5.2 million.

The parking lot operation business has started to generate profit since 2023. In 2025, the Company's parking lot operation revenue increased by 8.1% YoY to RMB112.0 million. As of 31 March 2026, the Company had a total of 85 parking lots in operation and 1 parking lot under construction, with a total planned investment of RMB5.1 billion and an uninvested amount of RMB586.0 million. The Company's revenue from the parking lot

business is expected to further increase after the completion of those construction projects.

Track record of receiving government support

As the most important transportation infrastructure construction and operation entity in Huizhou City, HTIG has a track record of receiving government support in the form of capital injection, asset transfer, and financial subsidies. In 2025 and 2026Q1, the local government has provided financial subsidies of RMB140.0 million and RMB35.0 million to the Company, respectively. The Company also received a special project fund of RMB80.0 million from the government for its project construction in 2025. Considering the Company's strategic importance in Huizhou City, we expect the local government will give ongoing support to the Company in the future.

High debt growth and leverage

HTIG's total debt has continued to increase due to external financing needs from the construction projects. As of 30 June 2026, the Company's adjusted total debt (including perpetual bonds) increased from RMB51.9 billion at end-2024 to RMB62.7 billion, with a high capitalization ratio of 70.9%. Nevertheless, the short-term repayment pressure is manageable. The short-term debt accounted for 9.3% of its total debt, and the cash to short-term debt ratio was 0.9x at mid-2026. Given its continuous investment in expressways and other transportation infrastructure projects, we expect the Company will maintain a high debt growth and high debt leverage in the foreseeable future.

The Company has a medium contingent liability risk, which may increase its repayment obligations given its magnitude of external guarantees. As of 30 June 2026, the Company had outstanding external guarantees of RMB2.9 billion, accounting for 10.2% of its net assets. Most of the external guarantees are provided to expressway construction enterprises in which the Company has equity participation. Given the importance of the Company and the social impact of the relevant expressways in Huizhou City, we believe the government will likely provide necessary support if certain credit events occur.

Moderate asset quality

The Company's asset liquidity is relatively weak, which may undermine its financing flexibility. As of 30 June 2026, the Company's total assets mainly consisted of non-current assets, such as construction in progress and intangible assets, accounting for around 83.9% of total assets. Among them, the construction in progress is mainly self-owned road assets such as expressways, and the intangible assets are mainly expressway toll rights and mining rights, all with weak liquidity. Meanwhile, its restricted asset was RMB13.2 billion as of end-2025, representing 13.3% of the total assets. Nevertheless, the toll road assets and sandstone mines can provide stable income and cash flow to the Company.

Good access to funding

As the most important transportation construction and operation entity in Huizhou City, HTIG has good access to funding from banks and the bond market, accounting for 78.4% and 17.4% at end-2026Q1, respectively. The Company has sufficient standby liquidity. As of 30 June 2026, it had obtained total credit facilities of RMB137.3 billion, with an available amount of RMB84.5 billion. The Company also has good recognition in the onshore debt capital markets. From January 2025 to June 2026, the Company issued several corporate bonds and medium-term notes with a total issuance amount of RMB6.5 billion and an average coupon rate of about 2.0%. The Company has low reliance on non-standard financing, which accounted for 4.2% of its total debt with a reasonable average cost of around 4.0% as of 31 March 2026. Considering its important status in Huizhou City, we expect the Company to maintain access to stable funding and retain good refinancing capabilities.

ESG Considerations

HTIG assumes environmental risks through its infrastructure construction projects, such as high-speed railway and expressway construction. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction. However, in May 2026, the Company's subsidiary, Green Stone Quarry Company, received an administrative sanction from the Huizhou Huiyang District Bureau of Natural Resources.

In terms of social awareness, HTIG has played a crucial role in the social welfare of Huizhou City by being involved in transportation construction and operations in Huizhou City.

In terms of corporate governance, HTIG's governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity. In 2024 and 2025, several key personnel of the Company were investigated and removed by the regulatory authority. According to our assessment, such matter has no material impact on the Company's credit quality. Meanwhile, the corporate governance of the Company is yet to be improved.

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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