

CCXAP affirms the long-term credit rating of Huai'an Investment Holding Group Co., Ltd. at A_g-, with stable outlook.

Hong Kong, 5 November 2025 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Huai'an Investment Holding Group Co., Ltd. ("HAIH" or the "Company") at A_g-, with stable outlook. At the same time, CCXAP has affirmed HAIH's senior unsecured debt rating at A_g-.

The A_g- long-term credit rating of HAIH reflects (1) the Huai'an 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 Huai'an City's relatively strong economic condition and fiscal strengths as well as sustainable industrial development.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City; (2) high importance in public activities with sufficient project pipelines; and (3) good track record of receiving government support. However, the Company's rating is constrained by its (1) moderate risk exposure to commercial activities, especially in property development business; (2) relatively weak asset liquidity and high debt burden; and (3) medium level of contingent risk.

Corporate Profile

Founded in 2002, HAIH is the key entity for infrastructure investment and financing as well as state-owned asset management in Huai'an City. Through the holding of multiple local state-owned enterprises in districts/counties under the jurisdiction of Huai'an City, the Company conducts substantial infrastructure construction, resettlement housing and land consolidation projects in Huai'an City and districts/counties under the jurisdiction of Huai'an City including Huai'an Ecological New City, Huai'an District, Huaiyin District and Qingjiangpu District. The Company is also the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement business in Huai'an City. As of 30 September 2025, the Company was a core wholly-owned subsidiary of Huai'an Urban Development Investment Holdings Group., Ltd. ("HAUD") and Huai'an Municipal Government remained as the ultimate controller.

Rating Rationale

Credit Strengths

Strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City. HAIH is one of five major municipal enterprises in Huai'an City and is primarily responsible for infrastructure construction, land consolidation, engineering construction and resettlement housing construction in Huai'an City. In addition, the Company is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement business in Huai'an City. As of 30 June 2025, HAIH's total assets

and net assets amounted to RMB284.6 billion and RMB118.0 billion, continuing to be one of the largest state-owned enterprises (“SOEs”) in Huai’an City.

High importance in public activities with sufficient project pipelines. HAIH plays an important role in public activities including undertaking infrastructure construction, land consolidation and resettlement housing construction in Huai’an City. Benefiting from the ongoing economic development of Huai’an City, the Company’s public welfare projects on hand are large, which in turn supports the stability and sustainability of its business. In addition, the Company has a dominant market position in water conservancy construction in Huai’an City and has experience in taking part in major hydraulic projects on behalf of the government such as the South-to-North Water Diversion, Huaihe River management, irrigation district renovation and reservoir reinforcement in Huai’an City.

Good track record of receiving government support. HAIH has received ongoing support from the Huai’an Municipal Government, including capital injections, asset transfers, government subsidies and payments for previous construction projects. Given the Company’s key role in the development and operation of land assets and infrastructure construction, we believe that HAIH will receive ongoing government support.

Credit Challenges

Moderate risk exposure to commercial activities. The Company also engaged in commercial activities that mainly include water conservancy construction, real estate development and trading business. Based on our assessment, HAIH’s exposure to commercial activities was moderate, with assets accounting for around 20% of its total assets. 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.

Relatively weak asset liquidity and high debt burden. Despite a reduction in total debt owing to the funding support from the local government, in line with regional government debt control policies, HAIH’s leverage remains high with substantial short-term refinancing needs. As of 30 June 2025, the Company’s total debt (including perpetual bonds) decreased to RMB122.0 billion from RMB146.8 billion at end-2023. Besides, HAIH’s asset liquidity was moderate as its assets were comprised mainly of inventories and receivables from project settlement with local SOEs and government units, which formed a drain on the Company’s fund. Considering the ongoing investment in projects under construction and the Company’s reliance on external financing, we expect the Company’s debt leverage will be maintained at a high level in the next 12 to 18 months.

Medium level of contingent risk. HAIH bears moderate contingent risk resulting from the relatively large external guarantees. Large exposure to guarantees will increase the Company’s contingent liability risk. Nevertheless, we believe that the credit risk of these guarantees is manageable, as all of them are provided to local SOEs and directed by the Huai’an Municipal Government.

Rating Outlook

The stable outlook on HAIH's rating reflects our expectation that Huai'an Municipal Government's capacity to provide support will be stable, and that the Company will maintain its strong strategic role in the economic and social development of Huai'an City over the next 12 to 18 months.

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 provide support, such as improved debt management, material decrease in external guarantees or reduced exposure to risky commercial activities.

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 provide support, such as reduced strategic significance, increased exposure to commercial activities or deteriorated refinancing ability.

Rating Methodology

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

Regulatory Disclosures

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