

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

Hong Kong, 17 November 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Huizhou Transportation Investment Group Co., Ltd. ("HTIG" or the "Company") at A_g, with stable outlook.

The A_g long-term credit rating of HTIG 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 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 payments. However, the Company's rating is constrained by its (1) high debt growth and leverage; (2) moderate asset quality; (3) medium exposure to commercial activities.

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 31 March 2025, 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.

Rating Rationale

Credit Strengths

Dominant role as the most important transportation construction and operation entity in Huizhou City. 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. 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. As of 31 March 2025, there are 2

controlled expressways under construction, with a total investment of RMB35.6 billion and an outstanding amount of RMB14.1 billion.

Good 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. From 2024 to 2025Q1, the local government has provided financial subsidies of RMB178.0 million 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. As of 31 March 2025, the Company had obtained total credit facilities of RMB112.5 billion, with an available amount of RMB72.6 billion.

Credit Challenges

Medium 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 medium, accounting for 25% to 30% of its total assets.

High debt growth and leverage. HTIG's total debt has continued to increase due to external financing needs from the construction projects. As of 31 March 2025, the Company's total debt (including perpetual bonds) increased to RMB55.3 billion, with the capitalization ratio maintained at a high level of 68.1%.

Moderate asset quality. The Company's asset liquidity is moderate, which may undermine its financing flexibility. As of 31 March 2025, the Company's total assets mainly consisted of inventories, construction in progress, and intangible assets, accounting for around 61.2% of total assets, all with weak liquidity.

Moderate contingent risks arising from external guarantees. As of 31 December 2024, the Company had outstanding external guarantees of RMB3.2 billion, accounting for 11.8% of its net assets. Most of the external guarantees were provided to privately owned expressway construction enterprises in which the Company has equity participation.

Rating Outlook

The stable outlook on HTIG's rating reflects our expectation that 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 over the next 12-18 months.

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.

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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http://www.ccxap.com/en/rating_services/category/6/

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