

## CCXAP affirms Huai'an Development Holdings Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>+, with stable outlook.

Hong Kong, 29 January 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Huai'an Development Holdings Co., Ltd. (“HADH” or the “Company”) long-term credit rating at BBB<sub>g</sub>+, with stable outlook. At the same time, CCXAP has affirmed HADH’s senior unsecured debt rating at BBB<sub>g</sub>+

The BBB<sub>g</sub>+ long-term credit rating of HADH reflects the Huai'an 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 Huai'an Municipal Government’s capacity to provide support reflects Huai'an City’s relatively strong economic strength and good industrial base. In addition, Huai'an Economic and Technological Development Zone (“Huai'an ETDZ”) has experienced ongoing economic development during the past three years.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) good business position as the sole land operator and major infrastructure constructor in Huai'an ETDZ; and (2) track record of receiving ongoing support from the local government. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) moderate debt management with certain short-term debt pressure; and (3) medium exposure to contingent liabilities.

### Corporate Profile

Founded in 2005, HADH is the most important local infrastructure investment and financing company (“LIIFC”) in Huai'an ETDZ, and occupies a dominant position in infrastructure construction, state-owned assets management, and capital operation in the region. HADH is the sole land operator in Huai'an ETDZ and is also responsible for infrastructure and resettlement housing construction business. Apart from that, the Company takes part in commercial activities consisting of property development and property leasing.

In 2024, in order to deepen the reform of state-owned enterprises, the Huai'an Municipal People’s Government transferred its equity in HADH to Huai'an Kaikong Industrial Investment Development Group Co., Ltd. (“HIID”) and Huai'an Economic Development Investment Group Co., Ltd. (“HEDI”), both of which are wholly-owned by the Huai'an Municipal Government. As of 30 September 2025, HIID and HEDI held 65.0% and 35.0% of the Company’s equity respectively, and the Huai'an Municipal People’s Government remained the actual controller. After the equity change, the Company’s main business and positioning remained unchanged.

### Rating Rationale

#### Credit Strengths

**Good business position as the sole land operator and major infrastructure constructor.** HADH has a clear functional positioning in Huai'an City and is the major state-owned



infrastructure constructor and sole land operator in Huai'an ETDZ, which has benefited from the ongoing economic development of Huai'an ETDZ. Due to the equity transfer in 2024, the Company's direct shareholders have changed, but the Company's main business and its functional importance to the development of Huai'an ETDZ remained unchanged. We believe that HADH's strategic role in local economic development and public welfare undertakings is irreplaceable in the short-to-medium term.

**Ongoing support from the local government.** HADH has received ongoing support from the local government including capital injections, project payments, and financial subsidies. Given the Company's strategic importance in Huai'an ETDZ, we believe that the local government will provide HADH with operational and financial support if needed.

### Credit Challenges

**Moderate exposure to commercial activities.** With the expansion of HADH's business scale, the Company has diversified its business scope into commercial activities such as property development, property leasing, and financial services. We consider HADH's commercial risk to be moderate, accounting for around 15%-20% of the total assets. Most of these businesses are carried out to promote regional investment and enterprise development. However, these types of businesses will bring more operational risks to the Company compared to its public activities.

**Moderate debt management with certain short-term debt pressure.** The Company has a relatively large debt scale and has controlled the growth rate since 2024. HADH's debt scale decreased due to the repayment of part of its debts, yet its debt leverage remained at a relatively high level. However, the short-term debt burden was maintained to be high. Given that the Company had several construction projects under construction and planning which are planned to be funded mainly through external financing, we expect the Company's debt leverage to remain at a relatively high level in the next 12 to 18 months.

**Medium exposure to contingent liabilities.** HADH's credit profile is constrained by its large external non-operating guarantees, which could potentially increase its repayment obligations. All of them were provided to local state-owned companies. The Company's contingent liabilities are subject to regional risks due to the mutual guarantee situation. In case a credit event occurs, the Company may face certain contingent liability risks, which could negatively impact its credit quality.

### Rating Outlook

The stable outlook on HADH's rating reflects our expectation that the Huai'an Municipal Government's capacity to provide support will remain stable, and the Company will maintain its solid strategic importance in the social and economic development in Huai'an ETDZ 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 enhanced regional and operational importance, improved debt management and financing capability.

### **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 government payments or decreased strategic importance.

### **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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