

CCXAP affirms Huai'an Traffic Holding Group Co., Ltd.'s long-term credit rating at A_{g-}, with stable outlook.

Hong Kong, 29 May 2026 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Huai'an Traffic Holding Group Co., Ltd. ("HATH" or the "Company") at A_{g-}, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating at A_{g-}.

The A_{g-} long-term credit rating of HATH reflects (1) 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 Huai'an Municipal Government's capacity to provide support reflects Huai'an City's relatively strong economic condition and good industrial base.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong strategic role in local transportation infrastructure construction in Huai'an City; (2) high importance in the operation of tram and city bus transportation services; and (3) good track record of receiving government support. However, the Company's rating is constrained by its (1) medium exposure to commercial activities with certain destocking and counterparty risks; (2) relatively high refinancing pressure; and (3) moderate exposure to contingent liabilities from external guarantees to local state-owned enterprises.

Corporate Profile

Founded in 2003, HATH is one of the important local infrastructure investment and financing companies ("LIIFCs") in Huai'an City, mainly responsible for the investment, financing, construction and operation of transportation infrastructure. The Company also engages in transportation logistics businesses such as transportation services, port logistics, as well as other commercial activities including commodity trading and real estate development in Huai'an City. In June 2023, Huai'an Municipal Government transferred 30% of the Company's equity shares to Huai'an State Joint Investment Development Group Co., Ltd. ("SJID"), which is the major municipal-level entity undertaking infrastructure construction tasks in Huai'an City. In October 2024, to further optimize the state-owned capital layout, Huai'an Municipal Government reorganized Huai'an Traffic Industry Investment Development Group Co., Ltd. ("HAID") and transferred 70% of the Company's equity shares to HAID. As of March 31 2026, HAID directly held 61.7% of the Company's equity shares and indirectly held 8.30% of the Company's equity shares via Huai'an Transportation and Logistics Group Co., Ltd. ("HATL"). Huai'an Municipal Government remained the ultimate controller.

Rating Rationale

Credit Strengths

Strong strategic role in local transportation infrastructure construction in Huai'an City. HATH has benefited from the ongoing economic development of Huai'an City as the vital transportation infrastructure constructor in the region. The Company is mainly responsible for

infrastructure construction. Since its establishment, the Company has undertaken a number of major transportation infrastructure construction projects in Huai'an City, such as roads, bridges and ports.

High importance in the transportation related services. Benefiting from the geographical location and canal port advantages of Huai'an City, as well as the continuous enhancement of transportation-related infrastructure construction, the Company's transportation logistics business has grown year by year. As the key transportation operator in Huai'an City, HATH's transportation services are essential for the city's economic development and people's livelihood. With the ongoing urbanization of Huai'an City, the Company's transportation-related services are expected to grow steadily in the future, backed by continuous government support.

Good track record of support from the local government. HATH has received ongoing support from the Huai'an Municipal Government, including capital injections, asset transfers, project grants, financial subsidies, government special funds, and payments for previous construction projects. Given the Company's important role in the development and operation of transportation-related services and infrastructure construction, we believe that HATH will receive ongoing government support to support its business operations.

Credit Challenges

Medium exposure to commercial activities with certain destocking and counterparty risks. With the expansion of HATH's business scale, the Company has diversified its scope into property sales and trading business. However, these types of businesses are subject to market conditions and might bring considerable destocking risk and counterparty risk to the Company. In our estimation, HATH's exposure to commercial activities was medium as its commercial assets represented less than 30% of its total assets.

Relatively high refinancing pressure. HATH has a relatively large debt scale and has controlled the growth rate since 2023. The Company's debt scale decreased due to the net repayment of its debt, yet its debt leverage remained at a relatively high level. At the same time, the Company showed a relatively high short-term refinancing pressure with the short-term debt accounting for 30.4% of its total debt. Considering the ongoing investment in projects under construction, we expect the Company may rely on external financing and its debt leverage will be maintained at a high level in the next 12 to 18 months.

Moderate exposure to contingent liabilities from external guarantees to local state-owned enterprises. HATH bears moderate contingent risk resulting from the relatively large external guarantees. Also, 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 HATH's rating reflects our expectation that Huai'an Municipal Government's capacity to provide support will be stable, and the Company will maintain its



strong strategic role in local transportation infrastructure construction and operation in 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 materially reduced exposure to risky commercial activities, improved debt management, or enhanced financing ability.

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 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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