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

Hong Kong, 10 November 2026 -- 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 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, with sufficient project pipelines; (2) good track record of receiving government support; and (3) reduced debt leverage following government-led debt resolution measures. However, the Company's rating is constrained by its (1) moderate exposure to commercial activities, particularly the property development business; (2) relatively weak asset liquidity and high short-term refinancing pressure; and (3) medium contingent risk from external guarantees.

Corporate Profile

Founded in 2002, HAIH is a key entity for infrastructure investment and financing as well as state-owned asset management in Huai'an City. The Company undertakes infrastructure construction, resettlement housing, land consolidation and water conservancy across Huai'an City. It is also the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement in the city. In November 2025, Huai'an Urban Development Investment Holdings Group Co., Ltd. ("HAUD") transferred a 7.8% equity interest in HAIH to Huai'an Cultural Tourism Group Co., Ltd. As of 30 June 2026, HAUD and Huai'an Cultural Tourism Group Co., Ltd. held 92.2% and 7.8% of HAIH, while the Huai'an Municipal Government remained the ultimate controller.

Rating Rationale

Credit Strengths

Strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City. HAIH's parent company, HAUD, is one of five major municipal enterprises in Huai'an City and is positioned as a key integrated operating service provider in Huai'an City with integrated investment, construction, management and operation functions. As the major subsidiary of HAUD, HAIH 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 2026, HAIH had total assets of RMB289.4 billion and total equity of RMB128.6 billion, and remained one of the city's largest municipal SOEs.

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, project resources, and government fundings. Since 2024, the Company has continued to receive significant fiscal allocations from the government, including debt-resolution funds, with aggregate allocations of approximately RMB1.7 billion for 2024 and 2025 combined. Meanwhile, the Company also received stable government subsidies of RMB253.5 million in 2025. HAIH's key role in local infrastructure, water conservancy and state-owned asset operations underpins our expectation of continued government support.

Access to diversified financing channels. HAIH has access to diversified funding channels, which partly mitigates its refinancing pressure. As of 30 June 2026, bank loans and bonds accounted for around 48.6% and 40.1% of total debt, respectively. Exposure to non-standard financing has declined and represented around 10.0% of total debt. As of 31 March 2026, it had total bank facilities of RMB82.9 billion, of which RMB35.2 billion was unused. The Company also has established track record of issuing corporate bonds, MTNs, PPNs and offshore bonds. Overall, the diversified funding mix and available bank facilities provide an adequate liquidity buffer, although the sizable short-term debt requires continued access to refinancing. We expect the Company's refinancing risk to be relatively manageable over the next 12 to 18 months.

Credit Challenges

Moderate exposure to commercial activities, particularly the property development business. The Company also engages in commercial activities, mainly water conservancy construction, property development and trading. 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 elevated short-term refinancing pressure. HAIH's asset liquidity remains relatively weak, as its assets were comprised mainly of project

inventories, receivables from local government-related entities and low-yielding assets injected by the government. As of 31 March 2026, restricted assets amounted to RMB35.2 billion, equivalent to 11.7% of total assets. HAIH's leverage has improved since 2024, supported by debt repayment under regional debt-control measures and debt resolution funding from the local government. However, short-term debt pressure remained high. As of the same date, short-term debt accounted for 49.2% of total debt, and the cash to short-term debt was 0.3x, underscoring a relatively high refinancing pressure.

Medium contingent risk with large but declining external guarantees. HAIH bears medium contingent risk from its relatively large external guarantees. As of 30 June 2026, outstanding external guarantees declined to RMB37.0 billion, representing 28.8% of total equity. The guaranteed parties were mainly local SOEs, while RMB12.3 million was provided to Huai'an Zhenda Steel Pipe Manufacturing Co., Ltd., a private-owned company. The guarantees remain exposed to regional contagion risk due to mutual guarantees among local entities. In case a credit event occurs, the Company may face certain contingent liability risks and cross-default risks, which are negative to its credit quality. In addition, the risk of compensation under its existing guarantees for private enterprise is relatively high.

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 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).

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