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

Hong Kong, 13 November 2026 – 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 and fiscal 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 support. However, the rating is constrained by the Company's (1) high exposure to commercial activities; (2) high debt growth and leverage; and (3) moderate asset quality.

Corporate Profile

Established in 2012, HTIG is the most important local infrastructure investment and financing company 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 30 June 2026, 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. However, the large outstanding investment amount has also exerted large capital expenditure pressure on the Company.

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. Considering the Company's strategic importance in Huizhou City, we expect the local government will give ongoing support to the Company in the future.

Credit Challenges

High 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 high, accounting for more than 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 30 June 2026, the Company's adjusted total debt (including perpetual bonds) increased from RMB51.9 billion at end-2024 to RMB62.7 billion, with a high capitalization ratio of 70.9%.

Moderate asset quality. As of 30 June 2026, the Company's total assets mainly consisted of non-current assets, such as construction in progress and intangible assets, accounting for around 83.9% of total assets. Nevertheless, the toll road assets and sandstone mines can provide stable income and cash flow to the Company.

Rating Outlook

The stable outlook on HTIG's rating reflects our expectation that, for the next 12 to 18 months, 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.

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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