

Huai'an Traffic Holding Co., Ltd's ratings unaffected by proposed tap issuance

Hong Kong, 11 August 2022 -- China Chengxin (Asia Pacific) Credit Ratings ("CCXAP") says Huai'an Traffic Holding Co., Ltd.'s ("HATH" or the "Company") (BBB_g/Stable) proposed tap issuance on its existing USD238 million 5.50% senior bonds due 2025 will not affect the BBB_g rating on the bonds.

The BBB_g senior unsecured debt rating of the bonds reflects that it constitutes the direct, unconditional, unsubordinated, and unsecured obligations of the Company, which shall at all times rank pari passu with all the Company's other present and future unsecured and unsubordinated obligations. The proposed tap issuance will carry the same terms and conditions as the existing bonds. Net proceeds from the tap issuance will be used for refinancing certain offshore existing indebtedness.

The BBB_g long-term credit rating of HATH reflects the Huai'an Municipal Government's relatively strong capacity to support and very high willingness to support. The rating is underpinned by the Company's (1) strong strategic role in local transportation infrastructure construction in Huai'an City; and (2) growing importance in the transportation-related business. However, the rating is constrained by the Company's (1) high debt leverages due to slow progress of cash collection; (2) weak operating profitability of transportation services with reliance on government subsidies; and (3) modest liquidity buffers.

Regulatory 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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