

Credit Opinion

5 November 2025

Ratings	
Senior Unsecured Debt Rating	A _g -
Long-Term Credit Rating	A _g -
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

Analyst Contacts

Amy Chen +852-2860 7127
Credit Analyst
amy_chen@ccxap.com

Eddie Li +852-2860 7130
Credit Analyst
eddie_li@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Huai'an Investment Holding Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Huai'an Investment Holding Group Co., Ltd. ("HAIH" or the "Company") reflects (1) the 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 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; (2) high importance in public activities with sufficient project pipelines; and (3) good track record of receiving government support.

However, the Company's rating is constrained by its (1) moderate risk exposure to commercial activities, especially in property development business; (2) relatively weak asset liquidity and high debt burden; and (3) medium level of contingent risk.

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.

Rating Drivers

- Strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City
- High importance in public activities with sufficient project pipelines
- Moderate risk exposure to commercial activities
- Relatively weak asset liquidity and high debt burden
- Access to different financing channels
- Good track record of receiving government support
- Medium level of contingent risk

Rating Sensitivities

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 improved debt management, 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.

Key Indicators

	2022FY	2023FY	2024FY	2025H1
Total Assets (RMB billion)	276.7	304.4	286.9	284.6
Total Equity (RMB billion)	119.6	125.6	119.9	118.0
Total Revenue (RMB billion)	16.7	16.8	17.9	8.4
Total Debt/Total Capital (%)	53.5	54.1	49.8	51.2

All ratios and figures are calculated using CCXAP's adjustments.

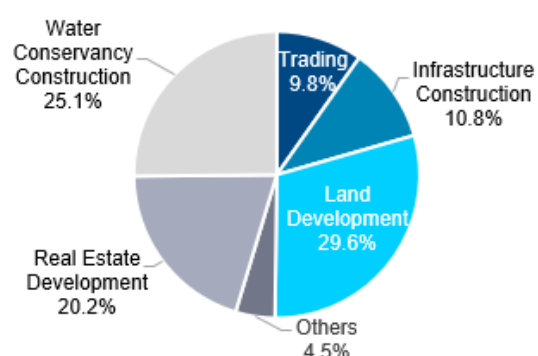
Source: Company data, CCXAP research

Corporate Profile

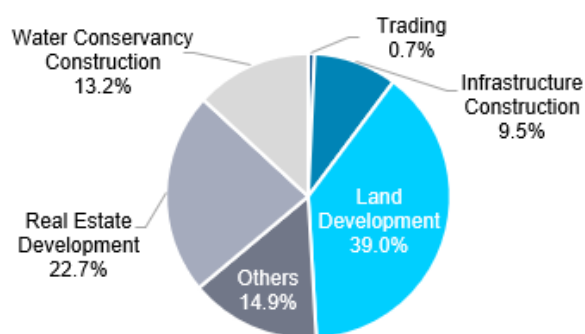
Founded in 2002, HAIH is the key entity for infrastructure investment and financing as well as state-owned asset management in Huai'an City. Through the holding of multiple local state-owned enterprises in districts/counties under the jurisdiction of Huai'an City, the Company conducts substantial infrastructure construction, resettlement housing and land consolidation projects in Huai'an City and districts/counties under the jurisdiction of Huai'an City including Huai'an Ecological New City, Huai'an District, Huaiyin District and Qingjiangpu District. The Company is also the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement business in Huai'an City. As of 30 September 2025, the Company was a core wholly-owned subsidiary of Huai'an Urban Development Investment Holdings Group., Ltd. ("HAUD") and Huai'an Municipal Government remained as the ultimate controller.

Exhibit 1. Shareholding chart as of 30 September 2025

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

Source: Company information, CCXAP research

Exhibit 3. Gross profit structure in 2024**Rating Considerations****Government's Capacity to Provide Support**

We believe the Huai'an Municipal Government has a very strong capacity to provide support given its relatively strong economic condition and good industrial base.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. The GRP per capita for the same period was RMB160,694.0, ranking third among all provinces in China. In the first half of 2025, Jiangsu Province realized a GRP of RMB6.7 trillion, up 5.7% YoY.

Located in the eastern part of the Jianghuai Plain, Huai'an City is a prefecture-level city administrated under Jiangsu Province and is the central city of the northern region of Jiangsu Province, with a total area of 10,030 square kilometers. Huai'an City has a national economic and technological development zone and a national high-tech industrial development zone. In recent years, it has remained a stable industrial structure, and its industrial production has achieved rapid growth driven by the pillar sectors such as information technology, equipment manufacturing, new materials, and green food. In 2024, Huai'an City's fixed asset investment above designated size increased by 13.3% from 2023 and growth rate ranked first in Jiangsu Province. In 2024, there were 327 enterprises in Huai'an City approved as national high-tech enterprises and the output value of high-tech industries accounted for 36.0% of Huai'an City's industrial output value.

In 2024, Huai'an City recorded a GRP of RMB541.3 billion and achieved a YoY increase of 7.1%, ranking second in Jiangsu Province in terms of growth rate; in the first half of 2025, it achieved a GRP of RMB275.9 billion and a YoY growth rate of 6.8%. With the continuous economic growth and industrial development, Huai'an City's general budgetary revenue also maintained a stable growth trend. In 2024, it reported a general budgetary revenue of RMB32.6 billion, increasing by 2.8% from 2023. Tax revenue represented a large proportion of its general budgetary revenue, accounting for 74.0% on average over the past three years, indicating good fiscal quality. However, its fiscal self-balance was relatively weak, with a ratio of 44.5% on average. Governmental fund revenue serves as a critical fiscal supplement, yet it has experienced a decline in recent years influenced by the fluctuations in the land market and real estate sector. Huai'an Municipal Government also relies on transfer income and government debt issuance to achieve balance. As of the end of 2024, the outstanding direct debt of Huai'an Municipal Government amounted to RMB103.1 billion, accounting for 19.1% of GRP.

Exhibit 4. Key economic and fiscal indicators of Huai'an City

	2022FY	2023FY	2024FY
GRP (RMB billion)	474.2	501.5	541.3
GRP Growth (%)	3.6	7.8	7.1
General Budgetary Revenue (RMB billion)	30.0	31.7	32.6
General Budgetary Expenditure (RMB billion)	65.9	71.7	74.2
Local Government Debt (RMB billion)	75.1	83.3	103.1

Source: Huai'an Municipal Government, CCXAP research

Government's Willingness to Provide Support

Strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City

Huai'an Municipal Government has established five major municipal enterprises focusing on individual divisions since 2021. HAIH is one of five major municipal enterprises in Huai'an City and 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. In 2023, the holding of the Company was transferred to HAUD, making the Company the core subsidiary of HAUD.

Since 2024, in order to enhance the competitiveness of state-owned enterprises ("SOEs") and optimize the allocation of state-owned resources, the local government has initiated further restructuring of its subordinate SOEs. In September 2024, the Company transferred its equity interest in Huai'an Xingsheng Construction Investment Co., Ltd. ("Xingsheng") to another SOE at nil consideration according to the arrangement of Huai'an Municipal Government. In April 2025, a portion of the Company's equity stakes in two subsidiaries were transferred out. The aforementioned equity transfer transactions did not constitute a major asset restructuring or a significant matter involving the loss of control over an important subsidiary, and therefore will not have any material adverse effect on the Company's regional functions, financial position or debt servicing capacity. As of 30 June 2025, HAIH's total assets and net assets amounted to RMB284.6 billion and RMB118.0 billion, continuing to be one of the largest SOEs in Huai'an City. The failure of HAIH, in our view, may lead to reputation risk for the local government and adversely affect the financing environment in Huai'an City.

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.

In terms of infrastructure construction, HAIH's projects operate across the majority of the city, including Huai'an Ecological New City, Huai'an District, Qingjiangpu District and Huaiyin District. The infrastructure construction projects include roads, schools, industrial parks and landscaping, are conducted mainly under the agency construction model through the Company's subsidiaries. Under the agency construction model, HAIH and its subsidiaries are responsible for the financing and investment and recognizes a markup on total cost as revenue after examinations of projects. Over the past several years, HAIH has completed a number of key infrastructure construction projects with a total investment of RMB6.9 billion and a total repayment of RMB6.5 billion. As of 31 March 2025, the Company had 12 key infrastructure projects under construction and 5 key projects under planning, with an expected total investment amount and outstanding investment amount of around RMB10.8 billion and RMB5.2 billion, respectively. These projects mainly include the construction of roads, greening projects and other public facilities. Sufficient projects on hand support the good continuity and stability of HAIH's infrastructure construction business.

HAIH carries out land consolidation business under the planning of the local government. The Company performs the tasks of land acquisition, demolition and land preparation through self-financing, and then sells the land through auction after the land reaches the standard. The Company offsets the cost by the net proceeds from land premium. Over the past three years, the Company's cumulative total investment in land consolidation has been RMB14.9 billion, with a total repayment of RMB9.7 billion. The cash collection from the completed land consolidation projects is relatively lagging behind. As of 31 March 2025, the Company had five major land parcels under consolidation and three land parcels to be consolidated, with a total investment of RMB5.1 billion yet to be incurred. Overall, the sustainability of the Company's land consolidation business is relatively good; however, the Company's land grant revenue recognition and cash collection are susceptible to the influence of local land market conditions and the arrangement for the allocation of financial resources.

In terms of affordable housing, HAIH's projects include public rental housing, low-cost housing, affordable housing, limit-price housing and urban shantytown renovation within the main urban areas of Huai'an City. The Company is entrusted by the Huai'an Municipal Government or other government-related parties for the fundraising and construction of such housing. Upon completion, the project will be repurchased by clients based on construction cost incurred plus a premium, usually 12%, or will be sold to targeted households by the Company on behalf of Huai'an Municipal Government. As of 31 March 2025, the Company had completed 26 resettlement housing projects with a total investment of RMB10.3 billion and a total repayment of RMB14.7 billion. At the same time, the Company had 6 key projects under construction, with a total investment of RMB8.0 billion and an outstanding amount of RMB1.2 billion. The resettlement housing projects under construction have a total sellable area of 1,189.5 thousand square meters and the average sales progress has reached around 88.2%.

Moderate risk exposure to commercial activities

The Company also engaged in commercial activities that mainly include water conservancy construction, real estate development and trading business. 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.

Jiangsu Huaiyin Water Conservancy Construction Co., Ltd. ("HYWC") is the main operating entity of HAIH for the water conservancy construction business. HYWC is the most competitive constructor and operator in water conservancy construction and water environment management in Huai'an City with a high market share. It has competitive professional qualifications and has expanded its business out of Jiangsu Province. The Company acquires general contracting contracts through public bidding and then constructs itself or subcontracts the construction tasks to other builders. From 2022 to 2024, the revenue from water conservancy construction grew from RMB2.1 billion to RMB4.5 billion, with the gross margins increasing from 3.7% to 7.1%. HYWC has completed 203 water conservancy construction projects during the past three years, with a total contract amount of RMB13.3 billion and a recovery amount of RMB8.4 billion. As of 31 March 2025, the Company had 30 major water conservancy construction projects under construction with a contract amount of RMB4.4 billion and has completed RMB2.6 billion amount of construction work. At the same time, the Company had 5 major water conservancy construction projects under planning, with a total investment amount of RMB307.0 million. These projects mainly include environmental improvement, marina construction and integrated river management. Although the sufficient project reserve can support the sustainability of the water conservancy construction business, it brings a degree of payment collection risk and certain capital expenditure pressure to HAIH.

HAIH is engaged in real estate development through self-development and co-development with other experienced real estate developers in the form of equity partnerships. Under the self-development model, the Company acquires the land for projects through tender and auction, and then selects the construction contractor through bidding. As of 31 March 2025, the Company had 12 major completed property projects with a total investment of RMB7.2 billion, most of which have been sold out. At the same time, the Company had 7 key property projects under construction, with an estimated total investment amount of RMB7.8 billion and an uninvested amount of RMB2.4 billion. The property sales business is highly subject to the counterparty operation, economic conditions and the local real estate market. The Chinese property market has remained depressed in recent years, which may exert uncertainty on the Company's property projects sales progress and profitability.

HAIH also participates in trading business through its subsidiaries, including the sales of hydraulic materials such as steel, cement and mineral powder. The Company adopts demand-on-purchase mode which means orders to upstream suppliers would be placed only when the sale contracts are signed with downstream customers. The customer and supplier concentration risks were medium as the procurements from the top 5 suppliers accounted for less than half of its total procurement in 2024, as does the sales side of customers. The revenue from the trading business declined slightly by 4.2% YoY to RMB1.8 billion in 2024 with a relatively low gross profit margin of 1.0%. Moreover, the trading business may be subject to certain payment collection risks, given a relatively long payback period of less than one year for orders from downstream customers.

Good track record of receiving government support

HAIH has received ongoing support from the Huai'an Municipal Government, including capital injections, asset transfers, government subsidies and payments for previous construction projects, which could help the Company meet its policy objectives and financial obligations. Since 2012, the Company has continued to receive equity injection in various local SOEs from the local government, which became the important subsidiaries of the Company to carry out its main business. In addition, the Company received the several assets, such as rights of land revenues, hydraulic facilities and municipal water pipes, from the local government. The Company

also continues receiving subsidies and repayments from the local government in terms of the infrastructure construction and land consolidation businesses, despite a long collection period. For example, HAIH has received government subsidies with a total amount of approximately RMB302.6 million in 2024. Overall, given the Company's key role in the development and operation of land assets and infrastructure construction, we believe that HAIH will receive ongoing government support.

Relatively weak asset liquidity and high debt burden

HAIH's asset liquidity was moderate as its assets were comprised mainly of receivables and inventories from project settlement with local SOEs and government units, which formed a drain on the Company's fund. On top of that, the Company's inventories were relatively sizable, accounting for around 36.4% of its total assets as of 30 June 2025. The inventories represent development costs of infrastructure construction, land consolidation and real estate projects, as well as land reserves with moderate liquidity. In addition, the Company's other non-current assets accounted for around 21.7% of its total assets, the majority of which comprise engineering sites, canal channels and hydroelectric equipment injected from the local government, with low liquidity and limited profitability. As of 30 June 2025, the Company's total restricted assets amounted to RMB26.8 billion, accounting for 9.4% of total assets, mostly due to borrowings.

Despite a reduction in total debt owing to the funding support from the local government, in line with regional government debt control policies, HAIH's leverage remains high with substantial short-term refinancing needs. As of 30 June 2025, the Company's total debt (including perpetual bonds) decreased to RMB122.0 billion from RMB146.8 billion at end-2023. The debt leverage, measured by the total capitalization ratio (total debt/total capital) also dropped from 54.1% to 51.2%. However, the Company's short-term debt burden remained high with the short-term debt accounting for 43.8% of its total debt and the cash to short-term debt ratio was low at 0.3x as of 30 June 2025. The Company's ongoing and planned projects will continue to rely on external financing, consequently, we expect that both its debt level and leverage ratio are expected to remain high.

Access to different financing channels

HAIH has access to diversified funding channels which could partially mitigate the Company's refinancing pressure. Bond issuances and bank loans accounted for the majority of its total debt. As of 30 June 2025, the Company had total bank facilities of RMB85.8 billion and the available portion amounted to RMB30.1 billion. The Company's credit facilities are primarily provided by major policy banks and joint-stock commercial banks, including the Agricultural Development Bank of China and China Minsheng Bank. HAIH has good track record of issuing different bond instruments in the onshore debt markets such as corporate bonds, MTNs and PPNs. From January 2024 to September 2025, HAIH raised nearly RMB7.4 billion from 13 tranches of domestic bonds with coupon rates ranging from 1.95% to 3.06%. The Company also has record of offshore bond issuance at the corporate level. In January 2025, it issued one offshore bond of RMB2.2 billion for refinancing at a coupon rate of 3.8%. Additionally, HAIH had moderate non-standard financing exposure, which accounted for around 14.5% of its total debts as of 30 June 2025. Overall, we expect the Company's refinancing risk to be relatively manageable over the next 12-18 months.

Medium level of contingent risk

HAIH bears moderate contingent risk resulting from the relatively large external guarantees. As of 30 June 2025, the Company had outstanding external guarantees of RMB44.5 billion, representing 37.7% of its net assets. Large exposure to guarantees will increase the Company's contingent liability risk. The Company's contingent liabilities are subject to regional risks due to the mutual guarantee situation. In case a credit event occurs in the

region, the Company may face certain contingent liability risks, which could negatively impact its credit quality. Nevertheless, we believe that the credit risk of these guarantees is manageable, as all of them are provided to local SOEs and directed by the Huai'an Municipal Government.

ESG Considerations

HAIH assumes environmental risks through its major infrastructure construction and water conservancy construction projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close supervision during the construction phase.

HAIH bears social risks as it implements public policy initiatives by constructing infrastructure projects and providing hydro-environmental governance services in Huai'an City. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

HAIH's governance considerations are also material as the Company is subject to oversight by Huai'an Municipal Government and has to meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Structural Consideration

HAIH's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Appendix

Exhibit 5. Peer comparison

	Huai'an Investment Holding Group Co., Ltd.	Huai'an Traffic Holding Group Co., Ltd.	Huai'an Development Holdings Co., Ltd.
Long-Term Credit Rating	A _g -	A _g -	BBB _g +
Shareholder	Huai'an Urban Development Investment Holdings Group., Ltd. (100%)	Huai'an Traffic Industry Investment Development Group Co., Ltd. (70%) and Huai'an State Joint Investment Development Group Co., Ltd. (30%)	Huai'an Kaikong Industrial Investment Development Group Co., Ltd. (65%) and Huai'an Economic Development Investment Group Co., Ltd. (35%)
Positioning	Key entity in infrastructure construction, land consolidation, regional hydro-environmental governance and resettlement housing in Huai'an City	Key entity in transportation infrastructure construction and transportation-related public services in Huai'an City	Important entity in infrastructure construction, state-owned assets management, and capital operation in Huai'an ETDZ
Total Asset (RMB billion)	286.9	57.8	104.1
Total Equity (RMB billion)	119.9	24.4	44.8
Total Revenue (RMB billion)	17.9	3.2	4.0
Total Debt/Total Capital (%)	49.8	58.6*	53.4*

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024. The ratios marked with *, the total debt/total capital ratios for Huai'an Traffic Holding Group Co., Ltd. and Huai'an Development Holdings Co., Ltd., are calculated based on financial data as of 2024Q3.

Source: Company information, CCXAP research

Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656