

## Credit Opinion

29 January 2026

Ratings	
Senior Unsecured Debt Rating	BBB <sub>g</sub> +
Long-Term Credit Rating	BBB <sub>g</sub> +
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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## Huai'an Development Holdings Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms Huai'an Development Holdings Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>+, with stable outlook.**

### Summary

The BBB<sub>g</sub> long-term credit rating of Huai'an Development Holdings Co., Ltd. ("HADH" or the "Company") reflects the Huai'an Municipal Government's (1) very strong capacity to provide support; and (2) high willingness to provide support based on our assessment of the Company's characteristics.

Our assessment of the Huai'an Municipal Government's capacity to provide support reflects Huai'an City's relatively strong economic strength and good industrial base. In addition, Huai'an Economic and Technological Development Zone ("Huai'an ETDZ") has experienced ongoing economic development during the past three years.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) good business position as the sole land operator and major infrastructure constructor in Huai'an ETDZ; and (2) track record of receiving ongoing support from the local government.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) moderate debt management with certain short-term debt pressure; and (3) medium exposure to contingent liabilities.

The stable outlook on HADH's rating reflects our expectation that the Huai'an Municipal Government's capacity to provide support will remain stable, and the Company will maintain its solid strategic importance in the social and economic development in Huai'an ETDZ over the next 12 to 18 months.

## Rating Drivers

- Good business position as the sole land operator and major infrastructure constructor in Huai'an ETDZ
- Ongoing support from the local government
- Moderate exposure to commercial activities
- Moderate debt management with certain short-term debt pressure
- Access to multiple financing channels
- Medium exposure to contingent liabilities

## 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 enhanced regional and operational importance, improved debt management and financing capability.

### 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 government payments or decreased strategic importance.

### Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	102.5	104.4	104.1	109.4
Total Equity (RMB billion)	44.6	45.9	44.8	44.8
Total Revenue (RMB billion)	3.9	4.4	4.0	1.9
Total Debt/Total Capital (%)	53.5	53.0	53.9	51.8

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

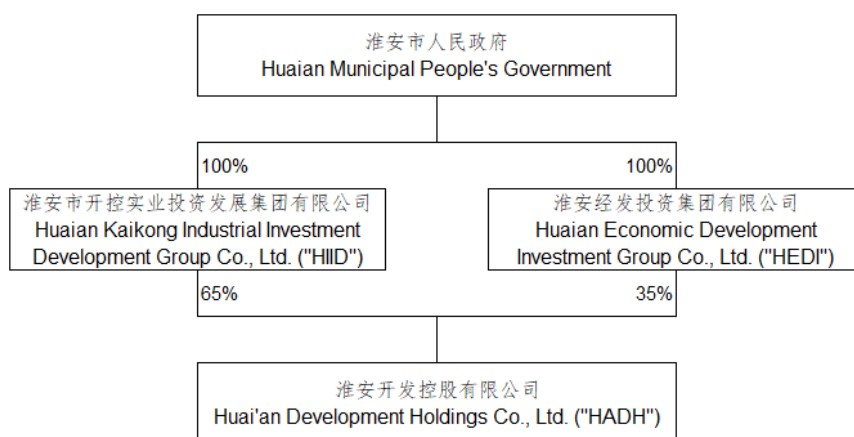
Source: Company data, CCXAP research

## Corporate Profile

Founded in 2005, HADH is the most important local infrastructure investment and financing company ("LIIFC") in Huai'an ETDZ, and occupies a dominant position in infrastructure construction, state-owned assets management, and capital operation in the region. HADH is the sole land operator in Huai'an ETDZ and is also responsible for infrastructure and resettlement housing construction business. Apart from that, the Company takes part in commercial activities consisting of property development and property leasing.

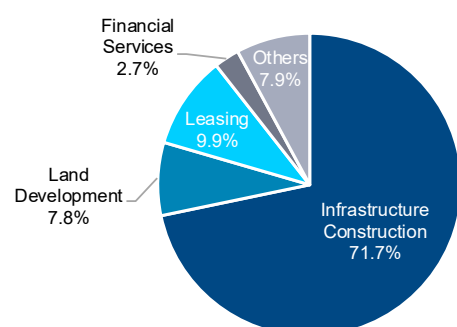
In 2024, in order to deepen the reform of state-owned enterprises, the Huai'an Municipal People's Government transferred its equity in HADH to Huai'an Kaikong Industrial Investment Development Group Co., Ltd. ("HIID") and Huai'an Economic Development Investment Group Co., Ltd. ("HEDI"), both of which are wholly-owned by the Huai'an Municipal Government. As of 30 September 2025, HIID and HEDI held 65.0% and 35.0% of the Company's equity respectively, and the Huai'an Municipal People's Government remained the actual controller. After the equity change, the Company's main business and positioning remained unchanged.

### Exhibit 1. Shareholding chart as of 30 September 2025



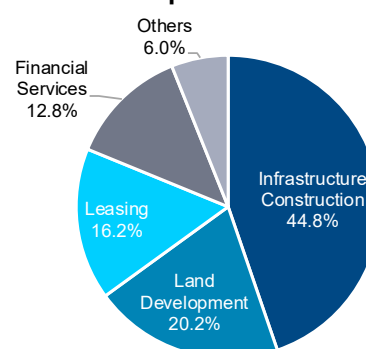
Source: Company information, CCXAP research

**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, chemical, and textile. 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 per capita GRP also ranked top among all provinces in China for years. In the first three quarters of 2025, Jiangsu Province recorded a GRP of RMB10.3 trillion, with a YoY increase of 5.4%.

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. It has currently formed four leading industries, including green food, new generation of electronic information, high-end equipment manufacturing, and textiles. In 2024, Huai'an City recorded a GRP of RMB541.3 billion and achieved a YoY increase of 7.1%, the growth rate ranked 1<sup>st</sup> in Jiangsu Province. In the first nine months of 2025, the GRP of Huai'an City amounted to RMB393.8 billion, with a YoY growth rate of 6.0%. With the continuous economic growth and industrial optimization, Huai'an City's fiscal

strength also maintained a stable growth trend. In 2024, it reported a general budgetary revenue of RMB32.6 billion, increasing by 2.8% YoY from 2023. Tax revenue represented a stable source of its general budgetary revenue, accounting for 74.0% on average over the past three years. However, its fiscal self-balance was relatively weak, with a ratio (general budgetary revenue/general budgetary expenditure) of 44.5% on average. Huai'an Municipal Government 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)	66.0	71.7	74.2
Local Government Debt (RMB billion)	75.1	83.3	103.1

Source: Huai'an Municipal Government, CCXAP research

Located in the central area of Huai'an City, Huai'an ETDZ was established in 1992 and was upgraded to a national-level economic and technological development zone in 2010, with an actual jurisdiction area of 128 square kilometers. As the industrial base for new energy automobile and intelligent equipment manufacturing in the northern Jiangsu Province, Huai'an ETDZ has formed characteristic industrial clusters such as IT, new energy vehicles and parts, and intelligent equipment. Huai'an ETDZ is also an important window for Huai'an City to achieve high-standard opening up and attract foreign investment, with many leading companies settled such as Foxconn Technology Group and Hankook Tire & Technology Co., Ltd. Huai'an ETDZ has maintained sustained economic growth in recent years. In the first half of 2025, the gross industrial output value of enterprises above designated size in Huai'an ETDZ rose by 12.0% YoY. The general budgetary revenue was RMB3.5 billion, with an average fiscal balance ratio of 75.3% over the past three years.

#### Exhibit 5. Key economic and fiscal indicators of Huai'an ETDZ

	2022FY	2023FY	2024FY
GRP (RMB billion)	44.9	47.5	-
GRP Growth (%)	1.0	8.0	-
General Budgetary Revenue (RMB billion)	3.0	3.3	3.5
General Budgetary Expenditure (RMB billion)	3.4	3.4	3.2
Local Government Debt (RMB billion)	2.3	3.0	4.8

Source: Management Committee of Huai'an ETDZ, CCXAP research

### Government's Willingness to Provide Support

#### Good business position as the sole land operator and major infrastructure constructor

HADH has a clear functional positioning in Huai'an City and is the major state-owned infrastructure constructor and sole land operator in Huai'an ETDZ, which has benefited from the ongoing economic development of Huai'an ETDZ. Due to the equity transfer in 2024, the Company's direct shareholders have changed, but the Company's main business and its functional importance to the development of Huai'an ETDZ remained unchanged. The Company is mainly responsible for land operation, resettlement housing construction, and infrastructure construction in Huai'an ETDZ. We believe that HADH's strategic role in local economic development and public welfare undertakings is irreplaceable in the short-to-medium term.

HADH conducts public projects mainly through the government repurchase model, which mainly includes infrastructures and resettlement housing in Huai'an ETDZ. The Company signs a repurchase agreement with the Management Committee of Huai'an ETDZ to undertake the financing and construction of the project. After the project is completed, the government will allocate the project settlement funds to the Company by installments, with a 10%-15% markup on the total cost. Meanwhile, the Company takes part in infrastructure construction in Xuyi Economic Development Zone ("Xuyi EDZ") through its subsidiary under the agency construction model. The Management Committee of Xuyi EDZ pays the Company construction costs plus a 10% markup within 6 years after the audit of completed projects.

As of 31 March 2025, HADH has completed a series of resettlement housing, infrastructure construction and comprehensive projects with a total investment of more than RMB20.0 billion and an accumulated received payment amount of RMB13.1 billion. The Company's infrastructure projects included public libraries, school campuses, parks, exhibition centers, bridges, and roads, with high public-policy goals. However, the Company's project settlement is slow and the repurchase period usually lasts 3-7 years after the completion of the project. Meanwhile, the Company had 1 resettlement housing project under construction, with an outstanding investment of RMB271.0 million.

HADH is also responsible for land operations designated by the local government in Huai'an ETDZ. Coordinating with the local government, HADH returned the land previously acquired through auction to the Land Reserve Centre for sale. Upon the completion of the sale of the land, the Management Committee of Huai'an ETDZ pays the Company with the land purchasing and funding costs, along with certain profits. As of 31 March 2025, the Company had 2.4 million square meters of land to be developed, with a book value of RMB11.4 billion, mainly including commercial and residential land. However, the Company's business volatility, as well as payments from the local government, are affected by the changes in regional land-use planning and local land market condition.

### **Ongoing support from the local government**

HADH has received ongoing support from the local government including capital injections, project payments, and financial subsidies. Over the past three years, the Company has received a total of RMB192.0 million in cash injection and RMB1.0 billion in asset transfer. As of the end of September 2025, the Company's paid-in capital and capital reserve amounted to RMB14.4 billion and RMB24.4 billion, respectively. From 2024 to 2025Q3, the Company has received operating financial subsidies of RMB590.0 million from the local government. In addition, as of 31 March 2025, the Company had received a total of RMB13.1 billion for completed infrastructure construction projects, covering around 45.3% of the investment. The Company also received repayments of RMB114.3 million for land development. Given the Company's strategic importance in Huai'an ETDZ, we believe that the local government will provide HADH with operational and financial support if needed.

### **Moderate exposure to commercial activities**

With the expansion of HADH's business scale, the Company has diversified its business scope into commercial activities such as property development, property leasing, and financial services. We consider HADH's commercial risk to be moderate, accounting for around 15%-20% of the total assets. Most of these businesses are carried out to promote regional investment and enterprise development. However, these types of businesses will bring more operational risks to the Company compared to its public activities.

HADH's self-operated property development business includes the construction of residential, industrial, and

commercial properties which is expected to achieve fund balancing through sales and rental. The majority of the Company's previously completed projects have already been sold or leased. As of 31 March 2025, the Company had total salable area of 578,300 square meters with sales rate of 65.5%. Meanwhile, the Company had no residential property projects under construction or planning stage. The sales and rental progress of these properties depend on the recovery of the property market and the progress of local investment attraction, might cause financial and business risks to the Company.

Property leasing has also been an important revenue source of HADH during the past three years. The Company takes responsibility for the industrial development of Huai'an EDTZ through the construction and operation of the leasable assets, which are mandated by the local government. The expansion of leasable assets and a good operation environment enhance the stability of its recurring income source. The Company has a large investment properties portfolio, including offices, apartments, government buildings, industrial parks and utility facilities, providing preferential rents for settled enterprises. The Company's main leasing assets include the PCB Industrial Park, with the occupancy rate exceeded 80% as of 31 March 2025. As of 31 March 2025, the Company had 1 industrial park project under construction with a total investment of RMB1.3 billion and an uninvested amount of RMB1.1 billion. In 2024, the Company generated income from leasing of RMB396.7 million, decreasing by 12.1% YoY compared to 2023 mainly due to the expiration of lease agreements of some enterprises during the year.

HADH also provides different types of financial services mainly through its subsidiary Huai'an Development Financial Holdings Group Co., Ltd. ("HDFH"), which is transferred from the local government. In December 2024, in order to optimize the structure of state-owned enterprises in Huai'an EDTZ, the Company transferred out its equity interest in HDFH at zero consideration. The transfer had a limited impact on the Company, as HDFH's net assets accounted for less than 3% of the Company's. The Company's another subsidiary Jiangsu Yongtai Financial Leasing Co., Ltd. ("Yongtai Leasing") focused on sale-leaseback financial leasing services, serving mostly state-owned units in Huai'an City with stable business development in recent years. In 2024, Yongtai Leasing achieved an operating income of RMB17.0 million and a net profit of RMB29.0 million.

### **Moderate debt management with certain short-term debt pressure**

The Company has a relatively large debt scale and has controlled the growth rate since 2024. HADH's debt scale decreased due to the repayment of part of its debts, yet its debt leverage remained at a relatively high level. As of 30 September 2025, the Company's total debt decreased slightly to RMB48.1 billion from RMB51.8 billion as of end-2023; the total capitalization ratio (total debt/ total capital) also decreased to 51.8% from 53.0%. However, the short-term debt burden was maintained to be high with a portion of 42.7% of total debt as of 30 September 2025. The Company's cash-to-short-term debt ratio was 0.3x, indicating that its cash balance is unable to cover short-term debt. Given that the Company had several construction projects under construction and planning which are planned to be funded mainly through external financing, we expect the Company's debt leverage to remain at a relatively high level in the next 12 to 18 months.

Moreover, HADH's asset liquidity is moderate which mainly comprised of low-liquid inventories and other receivables, accounting for 36.8% and 32.1% of its total assets as of 30 September 2025, respectively. The inventories were mainly the construction costs from infrastructure construction and resettlement housing, as well as the lands to be developed, while the other receivables were mainly receivables from the local government and other state-owned enterprises. Meanwhile, HADH's restricted assets accounted for around 9.1% of its total assets as of 30 September 2025. The relatively high proportion of assets with low liquidity may cause capital occupation to the Company.

### Access to multiple financing channels

HADH had a relatively high refinancing pressure due to its relatively high short-term debt burden and low cash to short-term ratio. In addition, the Company needs to obtain extra external funding resources to invest in new projects. The Company's funding channels mainly include bank loans, direct financing and non-standard financing products. Direct financing is the main funding source, accounting for 50.9% of the total debt as of 30 September 2025, followed by bank loans (40.4%). From January 2024 to September 2025, HADH maintained active access to the debt capital market, raising funds of RMB11.0 billion via several tranches of onshore bonds. The coupon rates of bond issuance demonstrated a decreasing trend compared to 2023. However, similar to other LIIFCs, HADH's funding access may be influenced by China's tightening supervision on the bond issuance and debt growth of LIIFCs since 2023. The Company also has access to offshore debt capital markets. In March 2025, the Company issued a three-year offshore bond with a total amount of USD300.0 million. As for the bank loans, the Company had moderate available credit facilities of around RMB3.1 billion as of 30 September 2025. Meanwhile, HADH also had decreasing non-standard financing exposure, which accounted for around 8.7% of its total debts. The non-standard financing products are mainly financial leasing and trust.

### Medium exposure to contingent liabilities

HADH's credit profile is constrained by its large external non-operating guarantees, which could potentially increase its repayment obligations. As of 30 September 2025, the Company had outstanding external guarantees of RMB23.2 billion, representing 51.8% of its net assets. All of them were provided to local state-owned companies such as Huai'an Economic and Technological Development Zone Economic Development Group Co., Ltd. and Huai'an Transportation Holding Co., Ltd. Considering the government support, the credit risk of these guarantees among local state-owned companies is moderately controllable. However, 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.

## ESG Considerations

HADH faces environmental risks because it has undertaken major infrastructure construction projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

HADH bears social risks as it implements public policy initiatives by building public infrastructure 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.

HADH's governance considerations are also material as the Company is subject to oversight by the 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

HADH'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 strategic position in industrial development of Huai'an City and Huai'an ETDZ, thereby mitigating any difference 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 6. Peer comparison

	Huai'an Investment Holding Group Co., Ltd.	Huai'an Development Holdings Co., Ltd.	Huai'an Traffic Holding Group Co., Ltd.
Long-Term Credit Rating	A <sub>g</sub> -	BBB <sub>g</sub> +	A <sub>g</sub> -
Shareholder	Huai'an City Development and Investment Holding Group Co., Ltd. (100%)	Huai'an Kaikong Industrial Investment Development Group Co., Ltd. (65%) and Huai'an Economic Development Investment Group Co., Ltd. (35%)	Huai'an Municipal Government (70%) and Huai'an State Joint Investment & Development Group Co., Ltd. (30%)
Positioning	Key entity in infrastructure construction, land consolidation, regional hydro-environmental governance and resettlement housing in Huai'an City	Important entity in infrastructure construction, state-owned assets management, and capital operation in Huai'an ETDZ	Key entity in transportation infrastructure construction and transportation-related public services in Huai'an City
Total Asset (RMB billion)	286.9	104.1	57.8
Total Equity (RMB billion)	119.9	44.8	24.4
Total Revenue (RMB billion)	17.9	4.0	3.2
Total Debt/Total Capital (%)	49.8	53.9	59.1

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research

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