

Credit Opinion

29 May 2026

Ratings

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

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Huai'an Traffic Holding Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Huai'an Traffic Holding Group Co., Ltd. ("HATH" or the "Company") reflects (1) 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 Huai'an Municipal Government's capacity to provide support reflects Huai'an City's relatively strong economic condition and good industrial base.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong strategic role in local transportation infrastructure construction in Huai'an City; (2) high importance in the operation of tram and city bus transportation services; and (3) good track record of receiving government support.

However, the Company's rating is constrained by its (1) medium exposure to commercial activities with certain destocking and counterparty risks; (2) relatively high refinancing pressure; and (3) moderate exposure to contingent liabilities from external guarantees to local state-owned enterprises.

The stable outlook on HATH's rating reflects our expectation that Huai'an Municipal Government's capacity to provide support will be stable, and the Company will maintain its strong strategic role in local transportation infrastructure construction and operation in Huai'an City over the next 12 to 18 months.

Rating Drivers

- Strong strategic role in local transportation infrastructure construction in Huai'an City
- High importance in the transportation related services
- Good track record of receiving government support
- Medium exposure to commercial activities with certain destocking and counterparty risks
- Relatively high refinancing pressure but mitigated by diversified funding resources
- Moderate exposure to contingent liabilities from external guarantees to local state-owned enterprises

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 materially reduced exposure to risky commercial activities, improved debt management, or enhanced financing ability.

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 or deteriorated refinancing ability.

Key Indicators

	2023FY	2024FY	2025FY	2026Q1
Total Asset (RMB billion)	58.7	57.8	58.4	52.0
Total Equity (RMB billion)	24.8	24.4	24.1	21.8
Total Revenue (RMB billion)	3.3	3.2	3.0	0.5
Total Debt/Total Capital (%)	59.5	58.9	56.9	56.4

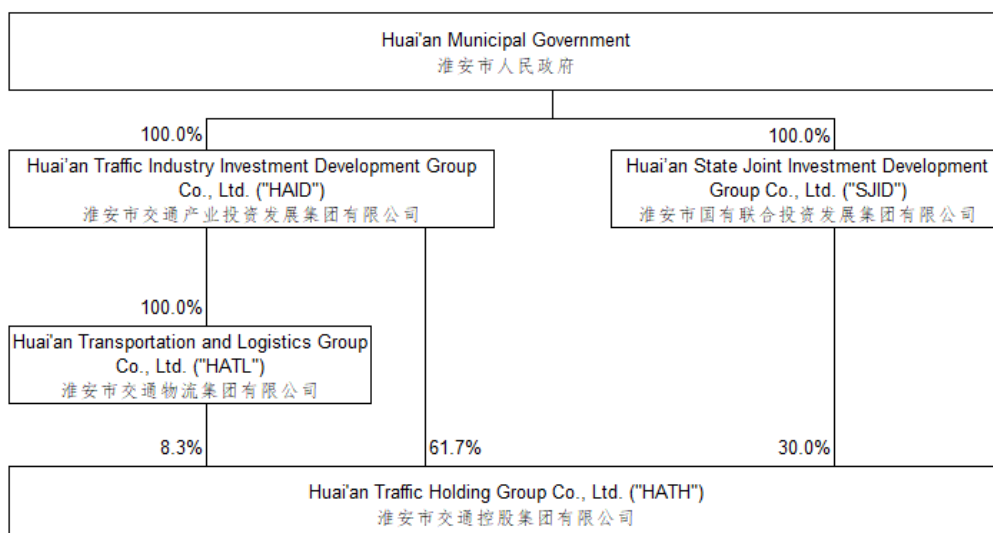
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

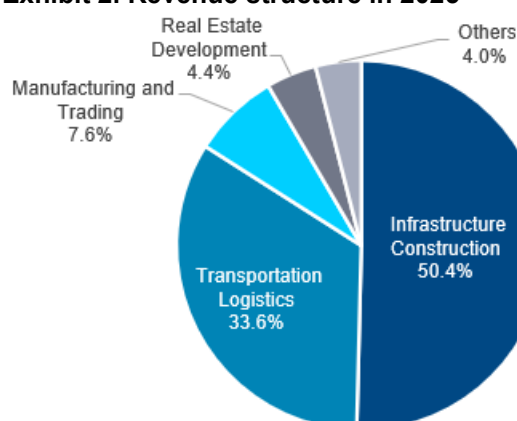
Founded in 2003, HATH is one of the important local infrastructure investment and financing companies ("LIIFCs") in Huai'an City, mainly responsible for the investment, financing, construction and operation of transportation infrastructure. The Company also engages in transportation logistics businesses such as transportation services, port logistics, as well as other commercial activities including commodity trading and real estate development in Huai'an City. In June 2023, Huai'an Municipal Government transferred 30% of the Company's equity shares to Huai'an State Joint Investment Development Group Co., Ltd. ("SJID"), which is the major municipal-level entity undertaking infrastructure construction tasks in Huai'an City. In October 2024, to further optimize the state-owned capital layout, Huai'an Municipal Government reorganized Huai'an Traffic Industry Investment Development Group Co., Ltd. ("HAID") and transferred 70% of the Company's equity shares to HAID. As of March 31 2026, HAID directly held 61.7% of the Company's equity shares and indirectly held 8.30% of the Company's equity shares via Huai'an Transportation and Logistics Group Co., Ltd. ("HATL"). Huai'an Municipal Government remained the ultimate controller.

Exhibit 1. Shareholding chart as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

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 2025, Jiangsu Province recorded a GRP of RMB14.2 trillion, with a YoY increase of 5.3%. The per capita GRP also ranked top among all provinces in China for years. During the first quarter of 2026, Jiangsu Province's GRP increased by 5.4% YoY to RMB3.4 trillion.

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. In recent years, Huai'an City 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. Huai'an City

has one national-level economic and technological development zone and one national-level high-tech industrial development zone.

In 2025, Huai'an City recorded a GRP of RMB563.0 billion and achieved a YoY increase of 5.9%, ranking first in Jiangsu Province in terms of growth rate. With the continuous economic growth and industrial development, Huai'an City's general budgetary revenue also maintained a stable growth trend. In 2025, it reported a general budgetary revenue of RMB33.5 billion, increasing by 3.0% from 2024. Tax revenue represented a large proportion of its general budgetary revenue, accounting for 76.6% on average over the past three years, indicating good fiscal quality. However, its fiscal self-balance was relatively weak, with a ratio of 44.9% 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 2025, the outstanding direct debt of Huai'an Municipal Government amounted to RMB130.5 billion, accounting for 23.2% of GRP.

Exhibit 3. Key economic and fiscal indicators of Huai'an City

	2023FY	2024FY	2025FY
GRP (RMB billion)	501.5	541.3	563.0
GRP Growth (%)	7.8	7.1	5.9
General Budgetary Revenue (RMB billion)	31.7	32.6	33.5
General Budgetary Expenditure (RMB billion)	71.7	74.2	71.8
Local Government Debt (RMB billion)	83.3	103.1	130.5

Source: Huai'an Municipal Government, CCXAP research

Government's Willingness to Provide Support

Strong strategic role in local transportation infrastructure construction in Huai'an City

HATH has benefited from the ongoing economic development of Huai'an City as the vital transportation infrastructure constructor in the region. The Company is mainly responsible for infrastructure construction. Since its establishment, the Company has undertaken a number of major transportation infrastructure construction projects in Huai'an City, such as roads, bridges and ports. In 2024, to further optimize the state-owned capital layout, Huai'an Municipal Government reorganized HAID and transferred 70% of the Company's equity shares to HAID and its subsidiary HATL. The Company's regional position remained unchanged as the principal entity in transportation infrastructure investment, construction and operation.

HATH was responsible for the financing and construction management of the municipal road infrastructures in Huai'an City. Huai'an Municipal Transportation Bureau has recognized a management fee of 10% based on the asset value of the completed projects each year since 2014, and paid back service fees to the Company. As of March 31 2025, the Company has 20 entrusted projects in total, with annual management fee income of approximately RMB194.8 million. HATH also conducts the construction of shantytown redevelopment and affordable housing construction projects through the government repurchase model and the Huai'an Finance Bureau pays the government purchase service fee in 25 years. As of 31 March 2026, the Company had 2 major competed shantytown renovation projects, with a total investment of RMB2.6 billion. However, the cash collection from the completed shantytown projects is relatively lagging. In 2025, the Company received RMB157.0 million from the government for the two shantytown redevelopment projects.

Furthermore, HATH entered the transportation construction and engineering construction businesses by

acquiring equity shares of construction companies, Jiangsu Tiancheng Construction Group Co., Ltd. and Jiangsu Wancheng Steel Structure Technology Co., Ltd. The Company mainly undertakes the construction projects of highways, bridges, ports, waterways, and house buildings by attending biddings on the open market, instead of the previous agency construction model and government purchase service model. All counterparties of the projects are central or local state-owned enterprises. As of 31 March 2026, there were 20 key projects under construction with a total contracted amount of RMB2.9 billion and an uninvested amount of RMB1.8 billion, showing a high sustainability in the short to medium term. Most projects do not require advance self-funding and have a clear repayment plan. In 2025, the Company recognized revenue of RMB1.6 billion from its engineering construction segment, with RMB1.2 billion been collected. However, the Company's engineering construction business tends to market-oriented and expands to different regions, which further increases its repayment risks, in our view.

High importance in the transportation-related services

Benefiting from the geographical location and canal port advantages of Huai'an City, as well as the continuous enhancement of transportation-related infrastructure construction, the Company's transportation logistics business has grown year by year. This segment includes city bus transportation service, port logistics, railroad operations and management, tram operations, road toll operations, and services provided to the public. As the key transportation operator in Huai'an City, HATH's transportation services are essential for the city's economic development and people's livelihood. With the ongoing urbanization of Huai'an City, the Company's transportation-related services are expected to grow steadily in the future, backed by continuous government support.

HATH's logistics business mainly includes the operation of Huai'an Port and Xingang Railway, and generates revenue from port handling shipping, freight forwarding, and rail transportation services. The revenue from logistic business is increasing from RMB503.7 million in 2024 to RMB917.3 million in 2025, primarily due to adjustments in the accounting methods for certain trading revenue. Huai'an Port is an important inland river port in Jiangsu Province and an important hub of the comprehensive transportation system in northern Jiangsu Province.

The urban public transport business mainly includes city bus and tram operations. As of the end of 2025, the Company has 1,089 buses, 89 operating lines, and more than 2,600 stations, with a total line length of 1,846.0 kilometers, covering the main urban area of Huai'an City. Given the quasi-public welfare nature of transportation services, the Company relies heavily on government subsidies from the Huai'an government for its public bus transportation services and tram operations.

Furthermore, the Company is responsible for the operation of three highway tolls consisting of National Highway No.205 Huai'an Section, Provincial Highway No.237 Huai'an Section, and Provincial Highway No.327 Lianshuicheng to Shihu Section, which are injected by Huai'an Municipal Government. The highway tolls operations further demonstrate the Company's high importance in local transportation. Currently, these three tolls are still under development and the Company has not yet realized revenue from them.

Medium exposure to commercial activities with certain destocking risk and counterparty risks

With the expansion of HATH's business scale, the Company has diversified its scope into property sales and trading business. However, these types of businesses are subject to market conditions and might bring considerable destocking risk and counterparty risk to the Company. In our estimation, HATH's exposure to commercial activities was medium as its commercial assets represented less than 30% of its total assets.

HATH engages in real estate development through its subsidiaries, including residential properties and commercial properties. As of 31 March 2025, the Company had 4 completed residential properties with a total investment of RMB2.5 billion. Part of the completed projects were in the process of selling or leasing, with the total revenue of RMB133.4 million in 2025. Meanwhile, as of end-2025, the Company's real estate development projects under construction had a total area of 420,300 square meters, with an estimated total investment amount of RMB3.72 billion. The Company funds these projects with self-raised funds and is expected to achieve fund balance through leasing and sales of the properties. However, the property sales business is highly subject to the economic condition and the local real estate market. The Chinese property market has remained volatile in recent years, which may exert uncertainty on the Company's sales progress and payment collection.

HATH also participates in trading business through its subsidiaries, including the sales of grain, steel, milk powder, medical equipment and electrolytic copper. Apart from that, the Company principally participates in producing and selling plastic pipes and fittings. The revenue from manufacturing and trading business has decreased 72.5% YoY from RMB832.5 million to RMB229.1 million due to changes in the scope of statistical reporting. Meanwhile, the manufacturing trading business may subject to certain payment collection risk as some of the customers are paid by credit. In January 2025, the Company transferred the entire equity in Jiangsu Andy Automobile Sales and Service Co., Ltd. to HAID, terminating its automotive trading and sales business.

Good track record of support from the local government

HATH has received ongoing support from the Huai'an Municipal Government, including special treasury bonds, capital injections, asset transfers, project grants, financial subsidies, government special funds, and payments for previous construction projects. In 2025 and the first quarter of 2026, the Company continued to receive financial subsidies of RMB200.5 million in total, mainly including operating subsidies for city bus transportation service, port logistics, and tram operations. In addition, the Company received the special refinancing funds of RMB1.5 billion from the local government to repay the debts in 2025. The Company also obtained approvals for RMB300.0 million in special treasury bonds for transportation construction projects III and RMB157.0 million in special bonds for land reserve. From the perspective of repayments of its infrastructure construction projects, the Company continued to receive management fees of RMB194.8 million from the local government in 2025. However, we expect that the direct payment from government will be reduced in the future since the Company no longer undertakes new infrastructure construction and shantytown renovation projects through agency construction model.

Overall, given the Company's important role in the development and operation of transportation-related services and infrastructure construction, we believe that HATH will receive ongoing government support to support its business operations.

Relatively high refinancing pressure but mitigated by diversified funding resources

HATH has a relatively large debt scale and has controlled the growth rate since 2023. The Company's debt scale decreased due to the net repayment of its debt, yet its debt leverage remained at a relatively high level. As of 31 March 2026, the Company's total debt (including perpetual bonds) decreased to RMB25.6 billion from RMB30.6 billion at end-2024. Meanwhile, the Company's total capitalization ratio (calculated as total debt to total capital) remained high at 56.4% as of 31 March 2026, compared to 58.9% at end-2024. At the same time, the Company showed a relatively high short-term refinancing pressure with the short-term debt accounting for 30.4% of its total debt, and the cash to short-term debt ratio was 0.4x at the end of March 2026, implying insufficient buffers for short-term obligations. Given the stringent regulatory policy on China's local infrastructure investment and financing companies, the Company's refinancing situation may be subject to policy changes in

the capital market. Moreover, considering the ongoing investment in projects under construction, we expect the Company may rely on external financing and its debt leverage will be maintained at a high level in the next 12 to 18 months.

Nevertheless, HATH 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. The Company's direct financing accounted for around 70.1% of total debt as of 31 March 2026, with multiple issuances in bond markets including MTNs, SCPs, PPNs and corporate bonds. The Company has a good recognition in capital market with declining funding costs and good debt continuation. As The Company has a relatively high reliance on direct financing, its financing costs are subject to the condition of the capital market. From January 2025 to March 2026, the Company raised nearly RMB10.3 billion from several tranches of domestic bonds with coupon rates ranging from 1.60% to 2.47%. Meanwhile, the Company maintains a good relationship with joint-stock commercial banks and large domestic banks, ensuring ample liquidity buffer from credit facilities. As of 31 December 2025, HAID had total bank facilities of RMB19.1 billion and the available portion amounted to RMB9.4 billion. HATH's exposure to non-standard financing was relatively low, accounting for less than 5.0% of its total debt as of 31 March 2026.

Moderate exposure to contingent liabilities from external guarantees to local state-owned enterprises

HATH bears moderate contingent risk resulting from the relatively large external guarantees. As of 31 December 2025, the Company had outstanding external guarantees of RMB4.3 billion and all of them were provided to local state-owned enterprises, representing for 18.0% of its net assets. Large exposure to guarantees will increase the Company's contingent liability risk. In addition, 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. Nevertheless, we believe that the credit risk of these guarantees is manageable, as all of them are provided to local state-owned enterprises and are under the supervision of the Huai'an Municipal Government.

ESG Considerations

HATH assumes environmental risks through its major transportation infrastructure construction and engineering 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.

HATH bears social risks as it implements public policy initiatives by constructing transportation infrastructure projects and providing public transportation 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.

HATH'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

HATH's senior unsecured debts rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strong strategic role in local transportation infrastructure construction and operation 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 4. 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 _g -	BBB _g +	A _g -
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 Traffic Industry Investment Development Group Co., Ltd. (61.7%), Huai'an State Joint Investment Development Group Co., Ltd. (30%) and Huai'an Transportation and Logistics Group Co., Ltd. (8.3%)
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 Assets (RMB billion)	289.9	115.5	58.4
Total Equity (RMB billion)	129.4	48.9	24.1
Total Revenue (RMB billion)	16.9	4.0	3.0
Total Debt/Total Capital (%)	47.1	49.2	56.9

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2025.

Source: Company information, CCXAP research

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