

## **CCXAP assigns A<sub>g</sub>- to Huai'an Investment Holding Group Co., Ltd.'s proposed CNY bonds**

Hong Kong, 15 January 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of A<sub>g</sub>- to the proposed CNY bonds to be issued by Huai'an Investment Holding Group Co., Ltd. (“HAIH” or the “Company”) (A<sub>g</sub>-/Stable).

The bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of HAIH, which will at all times at least rank pari passu with all other present and future unsecured and unsubordinated obligations of HAIH. The Company intends to use the net proceeds for refinancing of outstanding offshore indebtedness in accordance with the Sustainable Finance Framework.

### **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 is engaged in the infrastructure construction, resettlement housing and land consolidation 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. In December 2022, Huai'an Municipal Government transferred 100% of the Company's equity to Huai'an Urban Development Investment Holding Group Co., Ltd. (“HAUD”), which is wholly owned by Huai'an Municipal Government. As of 30 September 2024, the Company was a core wholly-owned subsidiary of HAUD and Huai'an Municipal Government remained the ultimate controller.

### **Rating Rationale**

The rating of the senior unsecured bonds is equivalent to HAIH's 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.

The A<sub>g</sub>- long-term credit rating of HAIH reflects the Huai'an Municipal Government's very strong capacity to provide support and its 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 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; (2) moderate asset liquidity and debt burden; and (3) medium level of contingent risk.

### **Rating Outlook**

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 in Huai'an City over the next 12 to 18 months.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) Huai'an Municipal 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) Huai'an Municipal 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.

### **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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