

CCXAP assigns BBB_g+ to Huai'an Development Holdings Co., Ltd.'s proposed USD bonds

Hong Kong, 20 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed USD bonds to be issued by Xiangyu Investment (BVI) Co., Ltd., which is a subsidiary indirectly and wholly owned by Huai'an Development Holdings Co., Ltd. (“HADH” or the “Company”) (BBB_g+ / stable), and to be unconditionally and irrevocably guaranteed by HADH.

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

Corporate Profile

Founded in 2005, HADH is the most important local infrastructure investment and financing company in Huai'an Economic and Technological Development Zone (“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 diversified commercial activities consisting of property development, property leasing, and financial services.

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 2024, 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.

Rating Rationale

The rating of the senior unsecured bonds is equivalent to HADH's 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 differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of HADH 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 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) 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; (3) moderate financing ability; and (4) high exposure to contingent liabilities.

Rating Outlook

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.

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.

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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