

CCXAP affirms Anhui Helu Industrial New City Construction Investment Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 30 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Anhui Helu Industrial New City Construction Investment Co., Ltd. (“HLIC” or the “Company”) at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of HLIC reflects Lujiang County Government’s (1) strong capacity to provide support; and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Lujiang County Government’s capacity to provide support reflects its sustained economic growth and stable fiscal strength, but is constrained by its relatively weak fiscal balance.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) significant position as one of the important infrastructure construction platforms in Lujiang County and the sole developer responsible for Helu Industrial New City; (2) high sustainability of public policy projects; and (3) good track record of receiving government support. However, the rating is constrained by the Company’s (1) moderate financing capacity; (2) increasing debt level driven by large investment needs; and (3) relatively weak asset quality.

Corporate Profile

Established in 2021, HLIC is one of the most important local infrastructure investment and financing companies in Lujiang County. The Company primarily undertakes infrastructure construction in Helu Industrial New Town, while also engaging in commercial activities including fund investment, self-operated project construction, property leasing, park operation, and education services. As of 30 June 2026, the Finance Bureau of Lujiang County remained the ultimate controller, holding 79.9% shares of the Company, while Agricultural Development Infrastructure Fund Co., Ltd. held the remaining shares.

Rating Rationale

Credit Strengths

Significant position as one of the important infrastructure construction platforms in Lujiang County and the sole developer responsible for Helu Industrial New City. HLIC is one of the key infrastructure construction entities in Lujiang County and the sole developer of Helu Industrial New Town, playing an important role in public policy-related operations in the region. Helu Industrial New Town is situated in the southern part of Hefei City. Established by the Lujiang County Government in 2021, it serves as an important vehicle for Lujiang County to implement its industrial strengthening strategy and a key platform for building a modern manufacturing base. Given its strategic significance in Lujiang County and Helu Industrial New Town, we believe that the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

High sustainability of public policy projects. As the sole construction entity for Helu Industrial New Town, HLIC's core public policy function remained infrastructure construction, which supports local social and economic development, particularly the growth of local industries. Infrastructure construction remained the Company's main revenue source in 2025, accounting for 94.3% of total revenue. The Company continued to have a sizeable pipeline of ongoing and planned projects, including urbanization projects, resettlement housing projects, roads and pipe networks, supporting the sustainability of its public policy operations but also resulting in capital expenditure pressure.

Good track record of receiving government support. As the major state-owned enterprise in Lujiang County, HLIC received sustained financial support from the local government, including financial subsidies, capital injections, and payment collections for government construction projects. In 2025, the Company recorded RMB15.6 million of other income, which included RMB14.0 million of operating subsidies. Moreover, it received RMB83.1 million of assets injection by the local government at no consideration. From 2025 to the first half of 2026, the Lujiang County Finance Bureau paid a total of RMB132.0 million in capital contributions to the Company. Given HLIC's important strategic role in the region, we expect the Company to continue receiving government support in the future.

Credit Challenges

Increasing debt level driven by large investment needs. HLIC's total debt increased from RMB8.4 billion at end-2024 to RMB11.0 billion at end-2025 and RMB13.2 billion at mid-2026 as the investments in infrastructure construction and self-operated projects expanded. As of 30 June 2026, its total capitalization ratio was approximately 69.9%, while its cash-to-short-term debt ratio was around 0.5x. Given the Company's substantial investment requirements and relatively slow project repayments, we expect debt leverage to remain high over the next 12 to 18 months.

Relatively weak asset quality. HLIC's asset quality remained weak, characterized by low liquidity and profitability. At mid-2026, inventories and accounts receivable accounted for 75.6% of total assets. Inventories mainly consisted of investment costs for infrastructure construction projects and land use rights, while accounts receivable primarily represented outstanding payments from government agencies or other state-owned enterprises. Weak asset liquidity continued to limit the Company's financial flexibility.

Moderate financing capacity. HLIC's access to financing channels remained moderate and dominated by bank loans. The Company's funding banks primarily include the Agricultural Development Bank of China, Bank of Communications, and several large city commercial banks. As of 30 June 2026, total financing facilities amounted to RMB15.2 billion, of which RMB3.8 billion was undrawn. The Company had no outstanding bonds, while finance leases represented around 4.0% of its financing balances. The limited diversity of its funding channels constrained its financial flexibility.

Rating Outlook

The stable outlook on HLIC's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its essential position in the development of Helu Industrial New City as an important infrastructure construction entity in Lujiang County 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 provide support strengthens; or (2) changes in the Company's characteristics enhance the local government's willingness to provide support, such as improved financing channels.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in Company characteristics decrease the local government's willingness to provide support, such as reduced regional significance and increased exposure to commercial activities.

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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http://www.ccxap.com/en/rating_services/category/6/

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

Amy Chen

Credit Analyst

+852-2860 7127

amy_chen@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



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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