Credit Opinion

10 November 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 Investment Holding Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Huai'an Investment Holding Group Co., Ltd. ("HAIH" or the "Company") reflects (1) the Huai'an Municipal Government's very strong capacity to provide support; and (2) the local government's high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the local 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, with sufficient project pipelines; (2) good track record of receiving government support; and (3) reduced debt leverage following government-led debt resolution measures.

However, the Company's rating is constrained by its (1) moderate exposure to commercial activities, particularly the property development business; (2) relatively weak asset liquidity and high short-term refinancing pressure; and (3) medium contingent risk from external guarantees.

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

Rating Drivers

- Strong position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City
- High importance in public activities with sufficient project pipelines
- Moderate exposure to commercial activities, particularly the property development business
- Relatively weak asset liquidity and elevated short-term refinancing pressure
- Access to diversified financing channels
- Good track record of receiving government support
- Medium contingent risk from external guarantees

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 material decrease in external guarantees or reduced exposure to risky commercial activities.

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, increased exposure to commercial activities or deteriorated refinancing ability.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	304.4	286.9	289.9	289.4
Total Equity (RMB billion)	125.6	119.9	129.4	128.6
Total Revenue (RMB billion)	16.8	17.9	16.9	7.8
Total Debt/Total Capital (%)	54.1	49.8	46.6	46.5

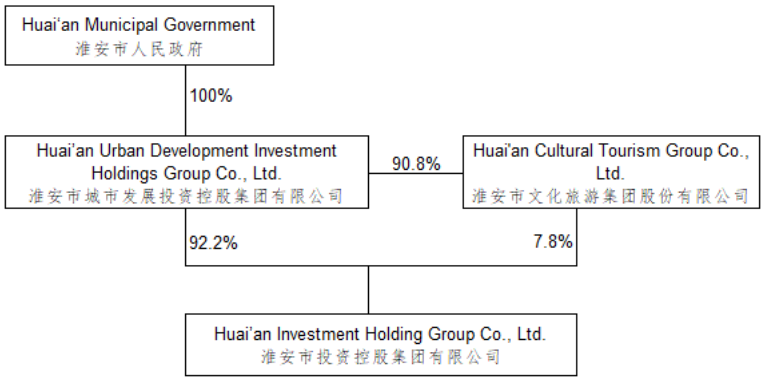
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Founded in 2002, HAIH is a key entity for infrastructure investment and financing as well as state-owned asset management in Huai'an City. The Company undertakes infrastructure construction, resettlement housing, land consolidation and water conservancy across Huai'an City. It is also the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement in the city. In November 2025, Huai'an Urban Development Investment Holdings Group Co., Ltd. ("HAUD") transferred a 7.8% equity interest in HAIH to Huai'an Cultural Tourism Group Co., Ltd. As of 30 June 2026, HAUD and Huai'an Cultural Tourism Group Co., Ltd. held 92.2% and 7.8% of HAIH, while the Huai'an Municipal Government remained the ultimate controller.

Exhibit 1. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

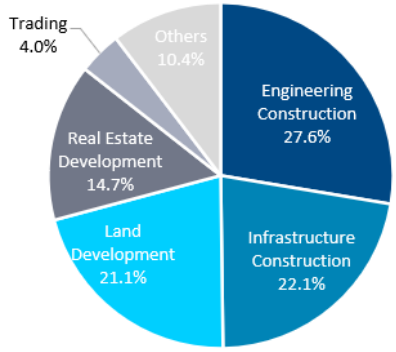
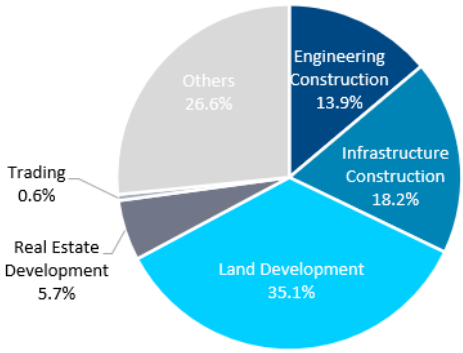


Exhibit 3. Gross profit structure in 2025



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 China's most economically developed provinces, ranking second nationally by GRP. Located in the Yangtze River Delta and along China's eastern coast, Jiangsu Province benefits from a well-developed manufacturing base, extensive transport infrastructure, strong private-sector activity and a diversified industrial structure. Its GRP increased from RMB12.8 trillion in 2023 to RMB14.2 trillion in 2025. General public-budget revenue increased to RMB1.0 trillion in 2025. The per capita GRP also ranked top among all provinces in China for years.

Exhibit 4. Key economic and fiscal indicators of Jiangsu Province

	2023FY	2024FY	2025FY
GRP (RMB billion)	12,822.2	13,700.8	14,235.2
GRP Growth (%)	5.8	5.8	5.3
General Budgetary Revenue (RMB billion)	993.0	1,003.8	1,024.6
General Budgetary Expenditure (RMB billion)	1,524.2	1,529.4	1,519.0
Local Government Debt (RMB billion)	2,273.3	2,822.8	3,392.8

Source: Statistics Bureau of Jiangsu Province, CCXAP research

Located in the eastern part of the Jianghuai Plain, Huai'an City is a prefecture-level city administered by Jiangsu Province and a central city in northern Jiangsu, with a total area of 10,030 square kilometers. It has a national economic and technological development zone and a national high-tech industrial development zone. The city has maintained a diversified industrial base led by information technology, equipment manufacturing, new materials and green food, supporting steady economic growth.

In 2025, Huai'an City recorded GRP of RMB563.0 billion, representing YoY growth of 5.9%. General budgetary revenue increased by 2.8% to RMB33.5 billion, while general budgetary expenditure was RMB71.8 billion, resulting in a fiscal self-balance ratio of 46.7%. Governmental fund revenue remained susceptible to fluctuations in the land and property markets, and the municipal government continued to rely on transfer income and government debt issuance to balance its budget. At end-2025, outstanding local government debt increased to RMB130.5 billion, equivalent to 23.2% of GRP.

Exhibit 5. 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 position in state-owned assets operation and water conservancy infrastructure construction in Huai'an City

Huai'an Municipal Government has established five major municipal enterprises focusing on individual divisions since 2021. HAIH's parent company, HAUD, is one of five major municipal enterprises in Huai'an City and is positioned as a key integrated operating service provider in Huai'an City with integrated investment, construction, management and operation functions. As the major subsidiary of HAUD, HAIH is primarily responsible for infrastructure construction, land consolidation, engineering construction and resettlement housing construction in Huai'an City. In addition, the Company is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement business in Huai'an City.

Since 2024, the Huai'an Municipal Government has reorganized municipal SOEs along more specialized mandates. HAIH has transferred equity interests in several subsidiaries to other SOEs in Huai'an City. The subsidiaries removed from the consolidation scope each accounted for less than 10% of the Company's respective total assets, net assets and revenue. The Company's total assets and equity decreased after the

equity transfers, but its policy function and position, covering infrastructure construction, land consolidation, resettlement housing and water conservancy, remained unchanged. As of 30 June 2026, HAIH had total assets of RMB289.4 billion and total equity of RMB128.6 billion, and remained one of the city's largest municipal SOEs. Its continuing public-policy responsibilities and large operating scale reinforce its strategic importance to the municipal government; in our view, a failure of HAIH could create reputational and financing risks for the city.

High importance in public activities with sufficient project pipelines

HAIH plays an important role in public activities including undertaking infrastructure construction, land consolidation and resettlement housing construction in Huai'an City. Benefiting from the ongoing economic development of Huai'an City, the Company's public welfare projects on hand are large, which in turn supports the stability and sustainability of its business. In addition, the Company has a dominant market position in water conservancy construction in Huai'an City and has experience in taking part in major hydraulic projects on behalf of the government such as the South-to-North Water Diversion, Huaihe River management, irrigation district renovation and reservoir reinforcement in Huai'an City.

In terms of infrastructure construction, HAIH's projects cover most districts of Huai'an City and mainly include roads, schools, industrial parks, landscaping and other public facilities. The business is mainly conducted under an agency-construction model under which the Company recognizes revenue based on project costs plus a markup after project examinations. As of 31 March 2026, HAIH had completed 14 major municipal infrastructure projects with total investment of RMB6.1 billion and cumulative collections of RMB4.5 billion. It also had 5 major projects under construction with total investment of RMB3.4 billion, of which RMB3.0 billion had been invested, as well as planned projects with total investment of RMB4.2 billion. The project pipeline supports business continuity, although the relatively long settlement period exposes the Company to funding and collection pressure.

HAIH carries out land consolidation under government authorization. The Company finances land acquisition, demolition and site preparation, while project settlement is generally based on costs plus a markup after the prepared land is transferred to the land reserve authority and sold through public auction. As of 31 March 2026, the Company had 4 major land parcels under consolidation with total investment of RMB18.1 billion, of which RMB14.6 billion had been invested, and 2 planned parcels with total investment of RMB110.0 million. The business has a visible project pipeline, but revenue recognition and cash collection remain susceptible to local land-market conditions and government funding arrangements.

In terms of affordable housing, HAIH's projects include public rental housing, low-cost housing, affordable housing, limit-price housing and urban shantytown renovation within the main urban areas of Huai'an City. The Company is entrusted by the Huai'an Municipal Government or other government-related parties for the fundraising and construction of such housing. Completed projects are generally repurchased based on construction costs plus a markup of around 12.0%, or sold to designated households on behalf of the government. As of 31 March 2026, the Company had 8 major completed affordable-housing projects with total investment of RMB5.1 billion and cumulative sales of RMB5.4 billion. It also had 4 major projects under construction with total investment of RMB4.4 billion, of which RMB3.9 billion had been invested, and no planned projects. The remaining investment burden is manageable, although settlement and sales progress vary by project.

Moderate exposure to commercial activities, particularly the property development business

The Company also engages in commercial activities, mainly water conservancy construction, property

development and trading. Based on our assessment, HAIH's exposure to commercial activities was moderate, with assets accounting for around 20% of its total assets. Although these types of commercial activities expand and diversify the Company's revenue, they are highly subject to market conditions and might bring considerable counterparty and operational risks to the Company.

Jiangsu Huaiyin Water Conservancy Construction Co., Ltd. ("HYWC") is HAIH's main operating entity for water conservancy construction. HYWC has strong qualifications and a leading position in Huai'an City, while also undertaking projects outside Jiangsu Province. In 2025, revenue from water conservancy construction was RMB3.7 billion and the gross margin was 3.6%, compared with RMB4.5 billion and 7.1% in 2024. As of 31 March 2026, HYWC had completed 208 market-oriented projects with total contract value of RMB13.4 billion and cumulative collections of RMB11.2 billion. It had 32 projects under construction with total contract value of RMB4.5 billion, of which RMB3.2 billion had been completed, and 5 contracted projects to be commenced with total value of RMB0.3 billion. The sufficient project reserve supports business continuity, but also entails collection risk and working-capital pressure.

HAIH is engaged in property development mainly through self-development and co-development with other experienced real estate developers in the form of equity partnerships. The prolonged weakness in the property market has weighed on sales and profitability, with property-development sector's gross margin being negative in 2025 and the first quarter of 2026. As of 31 March 2026, the Company had 8 major completed property projects with total investment of RMB7.5 billion and cumulative recognized revenue of RMB6.5 billion, as well as 4 projects under construction with total investment of RMB4.1 billion, of which RMB3.0 billion had been invested. It had no planned property projects. HAIH's self-developed and jointly developed property projects are all nearing completion, and it has not added any major commercial property projects since 2025, keeping its overall exposure contained. The Company has shifted its focus to destocking, asset activation and property-related services.

HAIH's trading is conducted by its subsidiary, namely Huai'an Chengfa Cloud Procurement Supply Chain Co., Ltd. ("Chengfa Cloud"), covering hydraulic and construction materials such as steel, cement and mineral powder. Revenue from this business fell by 61.1% to RMB0.7 billion in 2025, while the gross margin remained low at 1.8%. Concentration increased materially, with the top 5 suppliers and customers accounting for 94.3% and 75.1% of 2025 trading revenue, respectively. The material reduction in revenue was primarily attributable to the transfer of the Company's equity interest in Chengfa Cloud in June 2025.

Good track record of receiving government support

HAIH has received ongoing support from the Huai'an Municipal Government, including capital injections, asset transfers, project resources, and government fundings. Since 2024, the Company has continued to receive significant fiscal allocations from the government, including debt-resolution funds, with aggregate allocations of approximately RMB1.7 billion for 2024 and 2025 combined. Meanwhile, the Company also received stable government subsidies of RMB253.5 million in 2025. HAIH's key role in local infrastructure, water conservancy and state-owned asset operations underpins our expectation of continued government support.

Relatively weak asset liquidity and elevated short-term refinancing pressure

HAIH's asset liquidity remains relatively weak, as its assets were comprised mainly of project inventories, receivables from local government-related entities and low-yielding assets injected by the government. As of 30 June 2026, the Company's inventories were relatively sizable, accounting for around 36.0% of its total assets. The inventories mainly comprise development costs for infrastructure, land consolidation and property projects,

while other non-current assets mainly include engineering sites, canal channels and hydraulic equipment with low liquidity and limited profitability. As of 31 March 2026, restricted assets amounted to RMB35.2 billion, equivalent to 11.7% of total assets.

HAIH's leverage has improved since 2024, supported by debt repayment under regional debt-control measures and debt resolution funding from the local government. As of 30 June 2026, the Company's adjusted total debt (including perpetual bonds) decreased to RMB111.4 billion, and the total capitalization ratio (calculated by total debt to total capital) declined to 46.5%. However, short-term debt pressure remained high. As of the same date, short-term debt accounted for 49.2% of total debt, and the cash to short-term debt was 0.3x, underscoring a relatively high refinancing pressure.

Access to diversified financing channels

HAIH has access to diversified funding channels, which partly mitigates its refinancing pressure. As of 30 June 2026, bank loans and bonds accounted for around 48.6% and 40.1% of total debt, respectively. Exposure to non-standard financing has declined and represented around 10.0% of total debt. The Company's credit facilities are provided primarily by major policy banks and joint-stock commercial banks, including the Agricultural Development Bank of China and China Minsheng Bank. As of 31 March 2026, it had total bank facilities of RMB82.9 billion, of which RMB35.2 billion was unused. The Company also has established track record of issuing corporate bonds, MTNs, PPNs and offshore bonds. Overall, the diversified funding mix and available bank facilities provide an adequate liquidity buffer, although the sizable short-term debt requires continued access to refinancing. We expect the Company's refinancing risk to be relatively manageable over the next 12 to 18 months.

Medium contingent risk with large but declining external guarantees

HAIH bears medium contingent risk from its relatively large external gvuarantees. As of 30 June 2026, outstanding external guarantees declined to RMB37.0 billion, representing 28.8% of total equity. The guaranteed parties were mainly local SOEs, while RMB12.3 million was provided to Huai'an Zhenda Steel Pipe Manufacturing Co., Ltd., a private-owned company. The guarantees remain exposed to regional contagion risk due to mutual guarantees among local entities. In case a credit event occurs, the Company may face certain contingent liability risks and cross-default risks, which are negative to its credit quality. In addition, the risk of compensation under its existing guarantees for private enterprise is relatively high.

ESG Considerations

HAIH assumes environmental risks through its major infrastructure construction and water conservancy 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.

HAIH bears social risks as it implements public policy initiatives by constructing infrastructure projects and providing hydro-environmental governance 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.

HAIH'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

HAIH'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 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.

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 Traffic Holding Group Co., Ltd.	Huai'an Southern City Construction Investment Group Co., Ltd.
Long-Term Credit Rating	A_g-	A_g-	A_g-
Shareholder	Huai'an Urban Development Investment Holdings Group Co., Ltd. (92.2%) and Huai'an Cultural Tourism Group Co., Ltd. (7.8%)	Huai'an Traffic Industry Investment Development Group Co., Ltd. (61.7%), Huai'an State Joint Investment Development Group Co., Ltd. and Huai'an Transportation and Logistics Group Co., Ltd. (8.3%)	Huai'an SASAC （100%）
Positioning	Key entity in infrastructure construction, land consolidation, regional hydro-environmental governance and resettlement housing in Huai'an City	Key entity in transportation infrastructure construction and transportation-related public services in Huai'an City	Key entity in state-owned assets operation and infrastructure construction in Huai'an City, particularly the southern urban area
Total Asset (RMB billion)	289.9	58.4	51.9
Total Equity (RMB billion)	129.4	24.1	29.3
Total Revenue (RMB billion)	16.9	3.2	1.9
Total Debt/Total Capital (%)	51.4	58.7	33.8

All ratios and figures for Huai'an Investment Holding Group Co., Ltd. and Huai'an Traffic Holding Group Co., Ltd. are calculated using CCXAP's adjustments based on financial data in 2025. The ratios and figures for Huai'an Southern City Construction Investment Group Co., Ltd. are as of year-end 2024.

Source: Company information, CCXAP research

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