

Lianhe Global has assigned ‘A-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Huizhou Huiyang City Construction and Investment Group Co., Ltd.

HONG KONG, 31 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Huizhou Huiyang City Construction and Investment Group Co., Ltd. (“HYCCI” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Huizhou City (“Huizhou government”) and Huiyang State-owned Assets Affairs Center (“Huiyang SAC”) would provide strong support to HYCCI if needed. This mainly considers Huiyang SAC’s direct full ownership of HYCCI, HYCCI’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for state-owned asset operation and industry development in Huiyang District (“Huiyang”), and the linkage between the local government and HYCCI, including approval of the senior management appointment, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities if HYCCI encounters any operational and financial difficulties.

Huizhou City (“Huizhou”) is located in the eastern part of the Greater Bay Area; it recorded a GDP of RMB613.6 billion with a growth rate of 5.4% and budgetary revenue of RMB47.1 billion. Huiyang, as a sub-center of Huizhou, is a hub of the “Shenzhen-Dongguan-Huizhou 1-hour economic circle”. Huiyang’s GDP grew by 4.4% to RMB86.9 billion in 2024, while the budgetary revenue totaled RMB6.2 billion.

The Stable Outlook reflects our expectation that HYCCI’s strategic importance would remain intact while the local government will continue to ensure HYCCI’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: Huiyang SAC directly holds the full ownership of HYCCI. The local government has the final decision-making authority and strong supervision over the company, including appointment and supervision of the senior management, strategic alignment and decision on its major investment and financing plan decisions. In addition, the local government has assessment mechanism over the company and appoints auditors to review the company’s operating performance and financial position.

Strategic Importance and Strategic Alignment: HYCCI, as an important LIDC in Huiyang, is mainly responsible for urban development, construction and operation within the region, with strong regional franchise advantages. The company has actively undertaken key

provincial projects, including the Sanhe Shuangneng Industrial Park project and the Huiyang District Science and Technology Innovation Center, and also has many key municipal and district projects in hand. It plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government's development plans. In addition, HYCCI also engages in merchandise sales, construction waste recycling services, property leasing, and wastewater treatment businesses.

Ongoing Government Support: HYCCI continues to receive asset and capital injections from the local government. In 2022, the company received asset transfers including water treatment plants, industrial parks, and real estate, which collectively increased capital reserves by RMB 2.8 billion and significantly strengthened the company's capital position. Huiyang SAC made several additional cash investments between 2022 and June 2025, increasing the paid-in capital from RMB312.0 million in 2022 to RMB566.6 million as of June 2025. We believe the government support to HYCCI to remain intact given the company's strategic importance in Huiyang.

HYCCI's Financial Matrix and Liquidity Position: HYCCI's total assets doubled from RMB5.5 billion at end-2022 to RMB11.6 billion at end-June 2025. Total debt rose even faster, surging to RMB 6.3 billion from RMB 0.3 billion over the same period. Thus, the company's financial leverage, as measured by the debt to capitalization ratio, increased to 63.2% from 10.3% during this period.

The short-term debt servicing pressure of HYCCI was manageable. At end-June 2025, the company had unrestricted cash balance and unused credit facilities of RMB5,422.9 million and RMB549.5 million, respectively, while its debt due within one year was RMB1,370.7 million. HYCCI mainly relies on external financing and it maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations.

Rating Sensitivities

We would consider downgrading HYCCI's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the local government's ownership of HYCCI, or (3) there is a downgrade in our internal credit assessment on the Huizhou government.

We would consider upgrading HYCCI's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Huizhou government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development

companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)
The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

Contact Information

Primary Analyst, Hong Kong
Rechel Chen
Analyst
(852) 3462 9589
rechel.chen@lhratingsglobal.com

Secondary Analyst, Hong Kong
Joyce Huang, CFA
Managing Director
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Committee Chairperson and Ratings Approver, Hong Kong
Toni Ho, CFA, FRM
Senior Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Investor and Media Relations Contact, Hong Kong
Alice Wang
Associate Director
(852) 3462 9568; (86) 185 1686 2143
alice.wang@lhratingsglobal.com

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