

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

Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: www.lhratingsglobal.com

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.