

CCXAP affirms Xiapu County State-owned Assets Investment and Operation Co., Ltd.'s long-term credit rating at BBB_{g-}, with stable outlook.

Hong Kong, 30 April 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Xiapu County State-owned Assets Investment and Operation Co., Ltd. (“XSAI” or the “Company”) at BBB_{g-}, with stable outlook.

The BBB_{g-} long-term credit rating of XSAI reflects Xiapu County Government’s (1) relatively strong capacity to provide support, and (2) extremely high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Xiapu County Government’s capacity to provide support reflects Xiapu County’s economic importance in Ningde City, with fast economic growth but is constrained by its relatively small economic scale.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important policy role as the most important infrastructure construction entity and the sole public utility services provider in Xiapu County; (2) good track record of receiving government support; (3) reasonable debt leverage. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) moderate asset liquidity; and (3) limited access to funding, with relatively high reliance on non-standard financing.

Corporate Profile

Established in 1997, XSAI is the most important local infrastructure construction and state-owned capital operation entity in Xiapu County. The Company is mainly responsible for infrastructure construction projects in Xiapu County. It also provides key public utility services in Xiapu County, including natural gas and water supply. In addition, the Company is also engaged in commercial activities such as property leasing and material trading businesses. As of 31 March 2026, the Company was wholly owned and ultimately controlled by Xiapu County State-owned Assets and Financial Service Center (“Xiapu SAFSC”).

Rating Rationale

Credit Strengths

Important policy role as the most important infrastructure construction entity and the sole public utility services provider in Xiapu County. XSAI is the most important local infrastructure investment and financing company with the largest asset size in Xiapu County, and is mainly responsible for local infrastructure construction projects as well as public utility services in Xiapu County. Given its strong regional importance in Xiapu County, we believe the Company will not be replaced by other state-owned enterprises in the foreseeable future. In addition, the abundant construction projects under the pipeline can ensure the business sustainability of the Company.

Good track record of receiving government payments. As the most important infrastructure construction and state-owned capital operation entity in Xiapu County, XSAI has a proven track record of receiving government support in the form of cash injections, equity transfers, financial



subsidies, and special bond funds. In 2024, the Company received government subsidies of RMB169.0 million to support its operation. Given the Company's strong position in undertaking infrastructure construction projects in Xiapu County, we expect the local government will continue to support the Company in the future.

Reasonable debt leverage. XSAI's total debt amounted to RMB3.6 billion at end-2024, with a reasonable total capitalization ratio of around 33.3%. Moreover, the Company has a reasonable debt structure. As of 31 December 2024, the short-term debt accounted for about 8.8% of total debt, and its cash-to-short-term-debt ratio was 5.6x, indicating sufficient monetary funds to cover the short-term debt repayment.

Credit Challenges

Medium exposure to commercial activities. XSAI also participates in commercial activities such as self-operated projects, property leasing, and trading businesses. We consider the Company's commercial business exposure to be medium, as its market-driven businesses account for around 30% of its total assets.

Moderate asset liquidity. XSAI has moderate asset liquidity, which may undermine its financing flexibility. As of 31 December 2024, the Company's total assets mainly consisted of inventories, investment properties, and construction in progress, accounting for 74.7% of its total assets. Inventories primarily consist of contract costs for agency construction projects. Nevertheless, it has investment properties valued at RMB1.3 billion for leasing, providing stable supplementary income to the Company.

Limited access to funding, with relatively high reliance on non-standard financing. The Company mainly relies on bank loans for funding. The Company has not issued bonds in the public market. In addition, the Company also has relatively high reliance on funding through non-standard financing channels and other state-owned enterprises.

Rating Outlook

The stable outlook on XSAI's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Xiapu County over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as improvement in exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's



willingness to provide support, such as decrease in its strategic significance; decrease in government payments; or increase in debt leverage.

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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