

CCXAP assigns first-time long-term credit rating of BBB_g- to Zoucheng Limin Industrial Group Co., Ltd., with stable outlook.

Hong Kong, 13 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned long-term credit rating of BBB_g- to Zoucheng Limin Industrial Group Co., Ltd. (“LMIG” or the “Company”), with stable outlook.

The BBB_g- long-term credit rating of LMIG reflects the Company’s (1) strong regional competitiveness in engineering construction business in Zoucheng City; and (2) supplementary income benefited from a relatively diversified business structure. However, the rating is constrained by the Company’s (1) relatively weak profitability with low return on assets; (2) increasing debt burden and relatively weak debt serving capability; and (3) modest liquidity position with certain refinancing pressure.

The rating also reflects a high likelihood of support from its parent company when needed, given Company’s (1) status as the core subsidiary in industrial investment of Zoucheng Limin Construction and Development Group Co., Ltd. (“ZCLM”); (2) ultimate control by the Finance Bureau of Zoucheng City; (3) regional importance in industrial investment and urban operation in Zoucheng City; and (4) good track record of receiving ongoing support from ZCLM.

Corporate Profile

Established in December 2018, LMIG became an important comprehensive state-owned enterprise (“SOE”) in Zoucheng City after the consolidation of some local state-owned enterprises in 2024. The Company’s diversified business scope covers engineering construction, property development, property management services and leasing, landscaping, as well as trading. LMIG is a wholly-owned subsidiary of ZCLM, an important local infrastructure investment and financing company (“LIIFC”) in Zoucheng City, mainly responsible for the infrastructure construction in Zoucheng City, particularly in the Mencius Lake New District. LMIG is the core industrial operating subsidiary of ZCLM specializing in capital operations, industrial investment and urban services in Zoucheng City. As of 30 June 2025, the Finance Bureau of Zoucheng City is the ultimate controller of the Company.

Rating Rationale

Credit Strengths

Strong regional competitiveness in engineering construction business. LMIG is one of the main engineering construction entities in Zoucheng City, conducting engineering construction and building installation services through its subsidiaries. Given the Company’s current portfolio of high-value construction projects and sufficient project reserves, its engineering business is expected to grow in the future.

Supplementary income benefited from a relatively diversified business structure. Apart from engineering construction, the Company has a certain degree of comparative advantage in the regional property management business. Meanwhile, the Company also engages in

property development, property leasing, as well as landscaping business. These businesses can generate supplementary income for the Company.

High likelihood to receive support from the parent company.

We expect a high likelihood of parental support from the ZCLM in times of need. Our expectation incorporates the considerations of the Company's (1) status as the one of the core subsidiaries of ZCLM; (2) ultimate control by the Finance Bureau of Zoucheng City; (3) regional importance in industrial investment and urban operation in Zoucheng City; and (4) good track record of receiving ongoing parental support. Given its important position in local economic and industrial development, we believe that LMIG will receive ongoing support from its parent company in the future.

Credit Challenges

Relatively weak profitability along with low return on assets. Despite maintaining stable revenue scale in recent years, the Company's overall revenue base remains relatively small. Moreover, LMIG's profitability is relatively weak, as reflected by the relatively low EBIT margin and the weak return on assets.

Increasing debt burden and relatively weak debt serving capability. LMIG's total debt increased over the past three years as a result of its increasing investment on the ongoing construction projects in its pipeline and the expansion of its business scope. Meanwhile, the Company is facing increasing short-term debt pressure, and its stand-alone debt serving metrics remained relatively weak over the past three years.

Modest liquidity with certain refinancing pressure. LMIG has a modest liquidity position, as its total asset mainly consists of inventories, account receivables and intangible assets. The Company's account receivables, inventory, and intangible asset together accounted for 64.0% of the total assets as of 30 June 2025. Moreover, the Company had some assets pledged for loans, which could undermine its financial flexibility.

Rating Outlook

The stable outlook on LMIG's rating reflects our expectation that the Company will maintain its regional competitiveness and importance in the industrial development of Zoucheng City over the next 12-18 months. We also expect that the Company will continue to receive ongoing support from ZCLM.

What could upgrade the rating?

The rating could be upgraded if (1) the Company's business strength improves, such as stable operating cash flow from more diversified business segments; and (2) the Company's stand-alone credit profile improves significantly, such as improvement in debt structure and liquidity.

What could downgrade the rating?



The rating could be downgraded if (1) the likelihood of government or parental support for the Company decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as a deterioration in financial leverage or weakened liquidity position.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

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

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.

Eddie Li

Credit Analyst

+852-2860 7130

eddie_li@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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