

## **CCXAP affirms Qihe Urban Investment Construction Group Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>-, with stable outlook.**

Hong Kong, 11 February 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Qihe Urban Investment Construction Group Co., Ltd. (“QUIC” or the “Company”) at BBB<sub>g</sub>-, with stable outlook.

The BBB<sub>g</sub>- long-term credit rating of Qihe Urban Investment Construction Group Co., Ltd. (“QUIC” or the “Company”) reflects Qihe County Government's (1) strong capacity to provide support, and (2) the local government's very high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Qihe County Government's capacity to provide support reflects its status as the second largest county by gross regional product (“GRP”) in Dezhou City, with continued economic growth, but constrained by moderate fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) dominant position in infrastructure construction of Qihe County; and (2) good track record of receiving government payments. However, the rating is constrained by the Company's (1) moderate exposure to commercial businesses; (2) large debt burden with relatively weak asset liquidity; and (3) tight liquidity position with exposure to contingent liabilities.

### **Corporate Profile**

Founded in April 2008, QUIC is the sole infrastructure construction entity in Qihe County, primarily undertaking municipal projects such as infrastructure construction, land development, shantytown renovation, and heat supply businesses. It is also engaged in commercial businesses such as property leasing, property sales, trading of building materials, and operation of a toll bridge. In November 2021, the State-owned Assets Supervision and Administration Bureau of Qihe County People's Government (“Qihe SASAB”) transferred all its share-holdings in Qihe Urban Management and Construction Investment Co., Ltd. (“QUMC”) to the Company. As of 30 September 2025, the Company was wholly and ultimately controlled by Qihe SASAB, with a registered capital of RMB5.0 billion.

### **Rating Rationale**

#### **Credit Strengths**

**Dominant position in infrastructure construction of Qihe County.** As the dominant infrastructure construction entity in Qihe County, QUIC mainly engages in public activities through its subsidiary QUMC pursuant to local urban development plans. The Company is responsible for the infrastructure construction, land consolidation, shantytown renovation, heat supply and operation of a toll bridge in Qihe County, which are crucial to local economic and social development. Given its important role in local infrastructure construction, we believe that the Company is unlikely to be replaced in the foreseeable future.

**Good track record of receiving government payments.** QUIC has a proven track record of receiving government support in the form of asset transfer, capital injection, and operating subsidies. We believe that, given the important position of QUIC and its close relationship with the local government, the local government will provide strong support to the Company in times of need.

### **Credit Challenges**

**Moderate exposure to commercial businesses.** Apart from public services, QUIC has also engaged in diversified commercial activities, mainly including property sales, self-operation projects, engineering construction, property leasing, and trading businesses. Although the commercial activities can bring in supplemental income, they may also pose certain operating risks to the Company. We estimate that the Company's exposure to commercial businesses is moderate, accounting for around 25% of its total assets at 30 September 2025.

**Large debt burden with relatively weak asset liquidity.** Considering the large investment of projects under construction and planning, we expect the Company's debt burden would further increase in the next 12 to 18 months, given its high financing demands for construction projects. In addition, QUIC's asset liquidity is relatively weak. As of 30 September 2025, the Company had pledged a number of assets for loans, such as cash, lands and investment properties, with a total amount of RMB9.9 billion of restricted assets, accounting for around 17.0% of its total assets.

**Tight liquidity position with exposure to contingent liabilities.** QUIC and its subsidiaries have been facing liquidity problem since July 2023, due to its large short-term debt burden and the tightening financing environment. QUIC and its subsidiaries have missed the payment of commercial bills for multiple times. As of 31 December 2025, the Company and its subsidiaries still had overdue payments of commercial bills of more than RMB288.9 million. QUIC and its subsidiaries are also required to extend the payment of non-standard financing products to relieve its financial burden. The Company also bears high contingent risk resulting from external guarantees, which could potentially increase its repayment obligations.

### **Rating Outlook**

The stable outlook on QUIC's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important strategic position of infrastructure construction and public utility services in Qihe County over the next 12 to 18 months.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved debt management, improved funding capabilities, or reduced exposure to contingent liabilities.

#### **What could downgrade the rating?**



The rating could be downgraded if (1) the local government's capacity to provide 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, deterioration in debt management, or weakened funding ability.

### **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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