CCXAP affirms the long-term credit rating of Xingtai Transportation Construction Group Co., Ltd. at BBB$_g$+, with stable outlook.

Hong Kong, 2 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Xingtai Transportation Construction Group Co., Ltd. ("XTCG" or the "Company") at BBB$_g$+, with stable outlook.

The BBB$_g$+ long-term credit rating of XTCG reflects Xingtai Municipal Government's very strong capacity to provide support and its very high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Xingtai Municipal Government's capacity to support reflects Xingtai City's status as one of the prefectural-level cities in Hebei Province, with relatively good economic and industrial foundations.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) important role in urban and rural construction as well as public services of Xingtai City; (2) good track record of receiving government support; and (3) diversified funding channels. However, the rating is constrained by the Company's (1) high exposure to commercial activities especially in engineering construction sector; and (2) increasing debt burden with high financial leverage.

Corporate Profile

Established in 2020, XTCG is one of the key integrated infrastructure construction, investment and operation groups in Xingtai City after the consolidation of Xingtai Road and Bridge Construction Group Co., Ltd. ("XTRB") and other state-owned enterprises ("SOEs") in 2021. XTRB is a market-oriented SOE for the engineering and construction of transportation facilities and other infrastructure projects, and maintains strong competitive advantage especially in the field of road and bridge construction in Hebei Province. The Company mainly engages in construction engineering, public transportation, urban renewal, urban and rural development, cultural tourism and commerce. It also undertakes industrial finance and investment, new energy and supply chain services. As of 31 March 2026, the Company was wholly owned and directly controlled by the State-owned Assets Supervision and Administration Commission of Xingtai Municipal Government ("Xingtai SASAC").

Rating Rationale

Credit Strengths

Important role in urban and rural construction as well as public services of Xingtai City. As the major entity in urban and rural construction and provision of public welfare services in Xingtai City, the Company plays an important role in the investment, construction, and operation of Xingtai City. The Company is mainly engaged in infrastructure construction, including water system construction and road projects, which are crucial for the urbanization and public welfare of Xingtai City. The Company will undertake the Xingtai-Linqing Expressway expansion post-toll expiration, including its future operations. Commencing these expansion works could pressure the Company's capital expenditure. In addition, XTCG also provides public transportation services in the city. Its subsidiary is the sole urban bus operator in Xingtai City and operated 730 urban buses across 104 routes as of 31 March 2026.

Good track record of receiving government support. XTCG has a good track record of receiving government support in various forms such as equity transfer, asset injection, financial subsidies, and government payment for construction projects. In 2025, the local government consistently provided a total of RMB150.0 million in financial subsidies for the Company, including RMB122.0 million subsidy for the Company's transportation services. Given the strategically important role of the Company in the development of Xingtai City, we believe that the Company will continue to receive different kinds of support from the local government.

Diversified funding channels. XTCG has good access to different funding channels, such as bank loans, bond capital markets, as well as non-standard financing products, which could mitigate the capital expenditure pressure driven by expansion of engineering construction business and ongoing project investment. The debt from bank loans and bond issuances accounted for the majority of total debt. As of 31 March 2026, the Company had total bank credit facilities of RMB45.7 billion, of which RMB18.8 billion remained unused, providing sufficient liquidity buffers. Moreover, from January 2025 to June 2026, the Company and its subsidiary issued 14 tranches of domestic bonds to raise RMB7.0 billion. In addition, the Company’s exposure to non-standard financing products was minor.

Credit Challenges

High exposure to commercial activities especially in engineering construction sector. In addition to public activities, XTCG is also engaged in commercial businesses such as engineering construction, property development, cultural tourism project construction and operation as well as construction materials sales. We consider the Company’s exposure to commercial businesses to be high especially in engineering construction sector, accounting for more than 50% of its total assets. Large number of project receivables from engineering construction business would expose certain recovery risk to the Company. In addition, the investment cycle of PPP projects is long and repayment is highly linked to the fiscal strength of the government where the project is located and bears a high degree of volatility during the downturn of land market. In 2025, the Company signed 72 new construction contracts with an aggregate contract value of RMB11.9 billion. As of end-2025, its unfinished contract value amounted to RMB35.8 billion, which exhibits a sufficient reserve of projects.

Increasing debt burden with high financial leverage. XTCG maintained fast debt growth driven by its ongoing project investments, the expansion of engineering construction business, as well as the business characteristic of high-leverage operation in the construction engineering industry. As of 31 March 2026, the Company’s total debt increased to RMB35.3 billion from RMB30.0 billion as of end-2024. Meanwhile, the Company’s total capitalization ratio increased to 66.2% from 62.7% over the same period. Moreover, XTCG had moderate asset liquidity. As of 31 March 2026, the contract assets, inventories, and intangible assets accounted for 49.3% of its total assets. In addition, XTCG has a large scale of receivables (accounts receivable and other receivables), which are a result of engineering construction projects.

Rating Outlook

The stable outlook on XTCG's rating reflects our expectation that Xingtai Municipal Government's capacity to provide support will remain stable, and the Company will maintain its important role in the urban development of Xingtai City over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the Xingtai Municipal Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decreased exposure to risky commercial activities and improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the Xingtai Municipal Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as reduced regional significance or deteriorated financing 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

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.

Jessica Cao
Credit Analyst
+852-2860 7128
jessica_cao@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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