CCXAP affirms Qixian State-owned Construction Investment Development Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 13 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Qixian State-owned Construction Investment Development Co., Ltd. ("QXSI" or the "Company") at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of Qixian State-owned Construction Investment Development Co., Ltd. ("QXSI" or the "Company") reflects Qi 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 Qi County Government's capacity to support reflects Qi County's status as an important agricultural county and third largest county by Gross Regional Product in Kaifeng City, but constrained by its relatively weak fiscal metrics.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) important role in infrastructure construction and state-owned asset operation in Qi County; and (2) track record of receiving government support. However, the rating is constrained by the Company's (1) increasing exposure to commercial activities with relatively large investment need in the future; (2) relatively large short-term debt pressure along with weak asset liquidity; and (3) limited and concentrated financing channel.

Corporate Profile

Established in 2016, QXSI is one of the key local infrastructure investment and financing companies ("LIIFCs") in Qi County and is mainly responsible for infrastructure construction in Qi County. The Company's infrastructure construction projects include basic farmland improvement, water environment governance, rectification of river, ecological rehabilitation, pipe network facility maintenance, as well as sewage treatment. The Company has also participated in other commercial businesses, such as self-operated project construction and leasing. As of 30 June 2026, the Finance Bureau of Qi County directly owned 41% of the Company's shares and indirectly owned 10% of the shares through Qixian State-owned Asset Management Co., Ltd., and the remaining 49% of shares were owned by Kaifeng Urban Construction Investment Group Co., Ltd. The Qi County Government was the actual controller of the Company.

Rating Rationale

Credit Strengths

Important role in infrastructure construction and state-owned asset operation in Qi County. As the significant state-owned asset operation entity in Qi County, QXSI is primarily responsible for the local infrastructure construction and state-owned asset operation. The Company undertakes infrastructure construction mainly through agency construction model and the main infrastructure construction projects include basic farmland improvement, water

environment governance, rectification of river, ecological rehabilitation, pipe network facility maintenance, as well as sewage treatment. These projects are essential to the local agricultural development and social development.

Track record of receiving government support. QXSI has track record of receiving support from the local government in the form of asset injection and equity transfer, and government subsidies. In 2025, the Company received cash injections of RMB393 million from the local government, increasing its capital reserves. QXSI also received government subsidies of RMB0.9 million. Considering the Company's important position in infrastructure construction and state-owned asset operation in Qi County, we expect QXSI will continue receiving support from the local government.

Credit Challenges

Increasing exposure to commercial activities with relatively large investment need in the future. QXSI is engaged in commercial activities, mainly including leasing business. QXSI's exposure to commercial activities is medium. However, majority of the commercial assets are leasable assets transferred by the local government. The Company also participates in industrial park construction and operation, which may bring more capital expenditure pressure to the Company in the future.

Relatively large short-term debt pressure. The Company's total debt has been increasing over the past years. As of end-2025, QXSI's total debt increased to RMB350.7 million from RMB190.4 million as of end-2024. As of the same date, its total capitalization ratio, as measured by total debt to total capital, was 4.2%. However, QXSI bears relatively large short-term debt pressure, and its cash reserve is insufficient to cover the short-term debt. As of end-2025, the Company's short-term debt accounted for 56.8% of the total debt, and cash to short-term debt ratio was recorded at around 0.2x.

Weak asset liquidity. QXSI's asset liquidity is weak. Account receivables, investment properties, and inventories accounted for around 86.0% of the Company's total assets as of the same date. These assets mainly consist of project construction costs and outstanding payments owed by government entities, which are considered to be less liquid. Therefore, the low liquidity may undermine the Company's financial flexibility in the future.

Limited and concentrated financing channels. The Company has limited and concentrated financing channels. The main financing channel of QXSI is bank loan. Most of the bank loans were provided by Qixian Rural Commercial Bank Co., Ltd., and the available bank facilities were limited.

Rating Outlook

The stable outlook on QXSI's rating reflects our expectation that the Qi County Government's capacity to provide support will be stable, and the Company's characteristics such as its important position in infrastructure construction and state-owned asset operation in Qi County will remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Qi County Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengths the local government's willingness to support such as decreased exposure to commercial activities and enhanced financing ability.

What could downgrade the rating?

The rating could be downgraded if (1) Qi County Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as decreased regional significance or increased exposure to commercial activities.

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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