

Xingtai Road and Bridge Construction Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Xingtai Road and Bridge Construction Group Co., Ltd. (“XRBCG”)

| Summary | |
|---------------|--|
| Issuer Rating | BBB+ |
| Outlook | Stable |
| Location | China |
| Industry | Local Investment and Development Companies |
| Date | 9 June 2026 |

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xingtai City (“Xingtai government”) would provide strong support to XRBCG if needed, in light of its indirect full ownership of XRBCG, XRBCG’s strategic importance as the key local investment and development company (“LIDC”) for transportation infrastructure construction in Xingtai and the linkage between the Xingtai government and XRBCG, including appointment and supervision of the senior management, strategic alignment, major investment and financing decisions and ongoing operational and financial support. In addition, we believe the Xingtai government has a strong willingness to ensure XRBCG’s business and financial viability in order to safeguard its reputation and local financing activities.

Xingtai is a prefecture-level city located in southern Hebei province. Xingtai’s GDP grew by 5.0% to RMB280.1 billion in 2025, while its budgetary revenue grew by 1.8% to RMB22.1 billion during the same period.

The Stable Outlook reflects our expectation that XRBCG’s strategic importance would remain intact while the Xingtai government will continue to ensure XRBCG’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Xingtai government holds the full ownership of XRBCG through State-owned Assets Supervision and Administration Commission of People’s Government of Xingtai City (“Xingtai SASAC”) and Xingtai Transportation Construction Group Co., Ltd. Xingtai SASAC is the actual controller of the company. The Xingtai government has strong control and supervision over the company, including the appointment of senior management, decisions on its strategic development and supervision of its major investment and funding plans. In addition, the Xingtai government has an assessment mechanism over the company and regularly appoints auditors to review its operating performance and financial position.

Strategic Importance and Strategic Alignment: XRBCG, as a key LIDC in Xingtai, is mainly responsible for transportation infrastructure construction in Xingtai. The company engages in the construction of highways, bridges, rail transit, tunnels, water resources engineering and other municipal engineering projects. Also, the company undertakes the procurement, sales and trading of building materials. XRBCG plays an important role in promoting the region’s economic and social development. Its business operations and strategic planning have been aligned with the local government’s development plans.

Ongoing Government Support: XRBCG receives ongoing support from the Xingtai government, including financial subsidies and capital, asset and equity injections, to support its business operations. The company received capital injections of RMB16 million and RMB600 million in 2023 and 2025, respectively. Between 2023 and 2025, XRBCG received a wide variety of governmental subsidies of RMB3.1 million, RMB4.2 million and RMB2.1 million, respectively, from the Xingtai government. We believe the government support will remain intact given the company’s strategic importance in Xingtai.

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Applicable Criteria

[China Local Investment and Development Companies Criteria](#) (31 July 2025)

XRBCG's Financial Matrix and Liquidity Position: XRBCG's total assets grew steadily to RMB41.3 billion at end-2025 from RMB37.6 billion at end-2023, mainly due to the increase in construction-in-progress, equity investment and receivables. The company's total debt increased to RMB22.3 billion at end-2025 from RMB21.5 billion at end-2023. The company's financial leverage, as measured by the debt to capitalization ratio, decreased to 61.5% at end-2025 from 66.0% at end-2023.

XRBCG's short-term debt servicing pressure was moderately high. The company had a total cash balance of RMB1.8 billion (including restricted cash of RMB0.1 billion) at end-2025, compared to its debts due within one year of RMB5.2 billion. The company mainly relies on external financing and has access to various financing channels, including bank loans, bond issuance and non-traditional funding, to support its debt repayment and business operations. At end-2025, the company had unused credit facilities of RMB8.2 billion.

Rating Sensitivities

We would consider downgrading XRBCG's rating if (1) there is perceived weakening in support from the Xingtai government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the Xingtai government's ownership of XRBCG, or (3) there is a downgrade in our internal credit assessment on the Xingtai government.

We would consider upgrading XRBCG's rating if (1) there is strengthened support from the Xingtai government, or (2) there is an upgrade in our internal credit assessment on the Xingtai government.

Operating Environment

Economic Condition of Xingtai

Xingtai is a prefecture-level city located in southern Hebei province. Xingtai's GDP grew by 5.0% to RMB280.1 billion in 2025 from RMB276.6 billion in 2024, with the growth rate accelerating from 4.5% in 2024. The GDP per capita was c. RMB40,700 in 2025. In 2025, the local economy saw modest structural improvement, with the contribution from tertiary sector rising to 54.7% of GDP from 51.4% in 2024, while the secondary industry and primary sector continued their decline to 35.50% and 9.80%, respectively, during the same period. Fixed asset investment growth slowed down to 7.4% in 2025 from 9.8% in 2024, but remained a notable recovery from the 3.0% expansion in 2023.

| Xingtai's Economic Condition | | | |
|---|-------------|-------------|-------------|
| (RMB billion) | 2023 | 2024 | 2025 |
| GDP | 258.6 | 276.6 | 280.1 |
| -Primary industry (%) | 13.5 | 12.6 | 9.8 |
| -Secondary industry (%) | 36.2 | 36.0 | 35.5 |
| -Tertiary industry (%) | 50.3 | 51.4 | 54.7 |
| GDP growth rate (%) | 4.1 | 4.5 | 5.0 |
| Fixed asset investment growth rate (%) | 3.0 | 9.8 | 7.4 |
| Population (million) | 7.0 | 6.9 | 6.9* |
| <i>*Estimated data</i> | | | |
| <i>Source: Statistical Bureau of Xingtai and Lianhe Global's calculations</i> | | | |

Fiscal Condition of Xingtai

The budgetary revenue of the Xingtai government grew by 1.8% to RMB22.1 billion in 2025, accelerating from 1.2% in 2024. The contribution from tax revenue to budgetary revenue increased to 56.5% in 2025 from 54.7% in 2024. Government fund income recovered to

RMB12.0 billion in 2025 from RMB10.1 billion in 2024, but fell short of RMB14.6 billion recorded in 2023. The fiscal self-sufficiency rate of the Xingtai government was weak, with its budget deficit widening to 217.8% in 2025 from 216.2% in 2024.

The outstanding debt of the Xingtai government increased to RMB140.9 billion at end-2025 from RMB122.7 billion at end-2024, which was mainly due to the increase in special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue ratio, expanded to 193.8% in 2025 from 158.5% in 2024.

| Xingtai's Fiscal Condition | | | |
|--------------------------------------|-------------|-------------|-------------|
| (RMB billion) | 2023 | 2024 | 2025 |
| Budgetary revenue | 21.4 | 21.7 | 22.1 |
| Budgetary revenue growth rate (%) | 2.3 | 1.2 | 1.8 |
| Tax revenue | 12.0 | 11.9 | 12.5 |
| Tax revenue (% of budgetary revenue) | 55.9 | 54.7 | 56.5 |
| Government fund income | 14.6 | 10.1 | 12.0 |
| Transfer payment | 47.8 | 45.2 | 38.1 |
| Aggregate revenue | 84.0 | 77.4 | 72.7 |
| Budgetary expenditure | 64.2 | 68.6 | 70.2 |
| Budget balance ¹ (%) | -199.3 | -216.2 | -217.7 |

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Xingtai and Lianhe Global's calculations

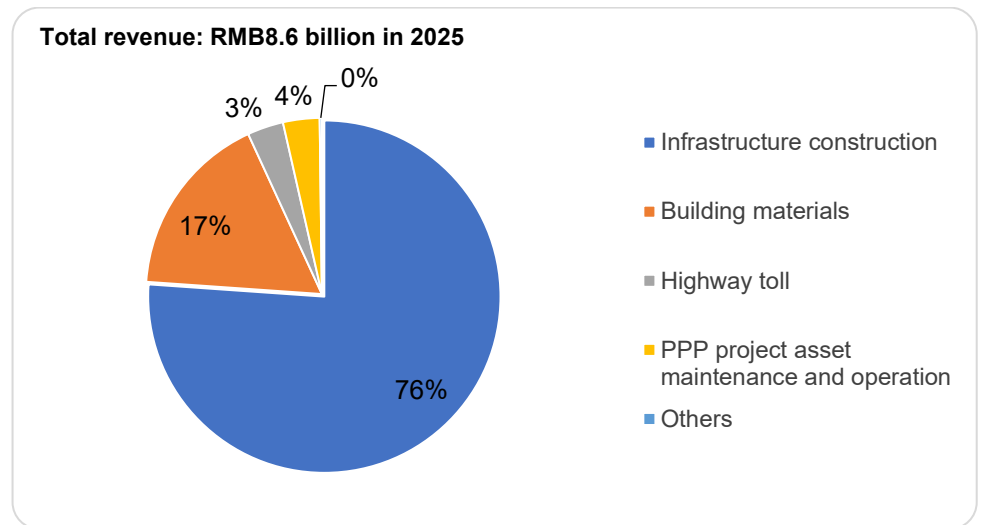
Company Profile

Ownership Structure

XRBCG was established in June 1993 with an initial registered capital of RMB5.5 million, which was funded by Xingtai SAMSC. Following a series of capital injection, the company's registered capital and paid-in capital were both RMB4.9 billion at end-2025. Xingtai Transportation Construction Group Co., Ltd. is the sole shareholder of the company, while Xingtai SASAC is the actual controller of the company.

Revenue Breakdown

XRBCG, as a key LIDC in Xingtai, is mainly responsible for transportation infrastructure construction in Xingtai. The company engages in the construction of highways, bridges, rail transit, tunnels, water resources engineering and other municipal engineering projects. Also, the company undertakes the procurement, sales and trading of building materials. XRBCG recorded total revenue of RMB8.8 billion, RMB8.7 billion and RMB8.6 billion in 2023-2025, respectively, with the gross margin remained stable at 17.5-17.9% during the same period.



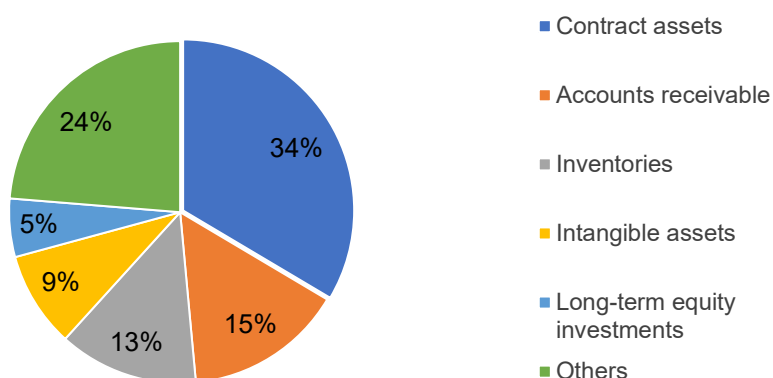
Source: The company's financial reports and Lianhe Global's calculations

XRBCG is mainly responsible for transportation infrastructure construction in Xingtai. Its construction business mainly concentrates on highway construction and road reconstruction. The company primarily operates projects through traditional methods, PPP models and BOT models.

Also, XRBCG undertakes the procurement, sales and trading of building materials. Major products include asphalt, steel bars, cement and diesel oil. The company supplies building materials to various projects undertaken by the company, as well as serving the external market.

Assets Breakdown

XRBCG's asset liquidity is moderate, as it holds a large amount of contract assets which accounted for 33.5% of its total assets at end-2025. These assets were mainly derived from construction projects and PPP projects undertaken by the company. Similarly, inventories and intangible assets accounted for 13.2% and 9.0% of the total assets at end-2025, respectively, which were also mainly derived from construction projects and PPP projects. These assets may take a long time to monetize due to the nature of long construction and cash collection period. Also, account receivables amounted to 15.0% of total assets at end-2025. These receivables are primarily from local government agencies and other local SOEs, which may have varied repayment schedule.

Total assets: RMB41.3 billion at end-2025


Source: The company's financial reports and Lianhe Global's calculations

Key Financial Data

| (RMB million) | 2022 | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|
| Total Assets | 32,356 | 37,553 | 39,400 | 41,272 |
| Equity | 10,844 | 11,072 | 12,778 | 13,994 |
| Debt | 18,113 | 21,462 | 21,485 | 22,330 |
| Debt / (Debt + Equity) (%) | 62.6 | 66.0 | 62.7 | 61.5 |
| Unrestricted cash/ST Debts (x) | 0.8 | 0.4 | 0.4 | 0.3 |
| Debt/EBITDA (x) | 10.9 | 12.1 | 13.6 | 14.2 |
| Revenue | 8,108 | 8,845 | 8,686 | 8,590 |
| Operation Profit | 304 | 282 | 342 | 261 |
| Gross Margin (%) | 16.7 | 17.6 | 17.9 | 17.5 |
| Cash from sales or services/ Revenue (%) | 72.7 | 85.6 | 83.5 | 76.8 |

Source: XRBCG and Lianhe Global's calculations

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