

Credit Opinion

20 November 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g +
Outlook	Stable

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Xingtai Transportation Construction Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Xingtai Transportation Construction Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Summary

The BBB_g+ long-term credit rating of Xingtai Transportation Construction Group Co., Ltd. ("XTCG or the "Company") 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.

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

Rating Drivers

- Important role in urban and rural construction as well as public services of Xingtai City
- Good track record of receiving government support
- High exposure to commercial activities especially in engineering construction sector
- Increasing debt burden with high financial leverage
- Diversified funding channels

Rating Sensitivities

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.

Key Indicators

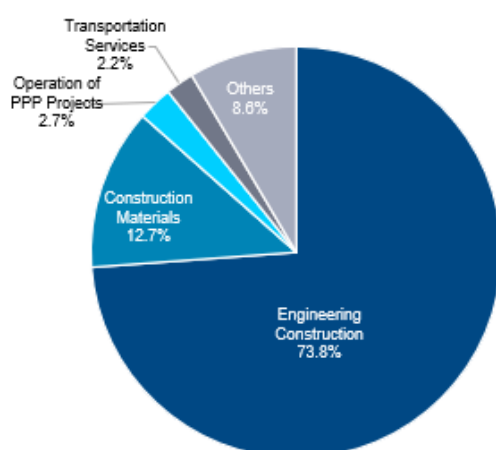
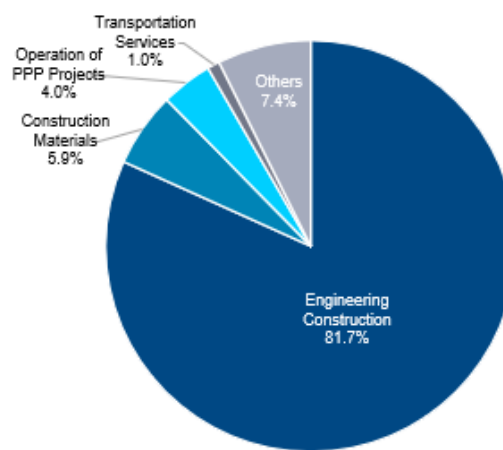
	2022FY	2023FY	2024FY	2025H1
Total Asset (RMB billion)	43.0	49.8	57.7	61.6
Total Equity (RMB billion)	17.3	17.6	19.8	20.9
Total Revenue (RMB billion)	9.0	10.2	11.4	3.9
Total Debt/Total Capital (%)	53.4	59.1	62.7	64.6

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 2020, XTCG is one of the key integrated infrastructure construction, investment and operation groups in Xingtai City after 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. XTRB maintains strong competitive advantage especially in the field of road and bridge construction in Hebei Province. XTCG focuses on 5 major business sectors including construction engineering, public transportation, urban renewal, urban and rural development, cultural tourism and commerce. The Company also expands business scopes to other commercial activities, such as industrial finance and investment, new energy and supply chain services. As of 30 September 2025, the Company was wholly and directly owned by the State-owned Assets Supervision and Administration Commission of Xingtai Municipal Government ("Xingtai SASAC").

Exhibit 1. Revenue structure in 2024**Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Xingtai Municipal Government has a very strong capacity to provide support given its status as one of the prefectural-level cities in Hebei Province, with relatively good economic and industrial foundations. However, its fiscal metrics are moderate.

Hebei Province is a northern province of China with a good location and rich resources such as coal, steel and marine resources. Together with the Bohai Sea, it encloses the direct-administered municipalities of Beijing and Tianjin. Although affected by the policy to reduce capacity in the coal and steel industries, Hebei Province's economic scale has steadily increased over the past five years. In 2024, Hebei Province recorded a gross regional production ("GRP") of RMB4,752.7 billion with a year-over-year ("YoY") growth rate of 5.4%, ranking 13th among all provinces and directly-administered megacities in China. Hebei Province is expected to benefit from the promotion of national strategies including the coordinated development of the Beijing-Tianjin-Hebei region and the construction of Xiong'an New District in the future. Hebei Province's fiscal income also increased steadily, however, its fiscal balance ratio, as calculated by general budgetary revenue over general budgetary expenditure, was moderate, with the average fiscal balance ratio of 43.3% over the past three years. Meanwhile, its fiscal income relies on support from higher-tier government. In 2024, its general budgetary revenue amounted to around RMB431.0 billion, increasing from RMB405.6 billion in 2022. In the first three quarters of 2025, Hebei Province realized a GRP of RMB3.6 trillion, up 5.5% YoY.

Xingtai City is a prefecture-level city in Hebei Province and one of the cities located in the Bohai economic region. On the back of its rich mineral resources including coal mines, iron ore, gypsum mines, ceramic clay and rock salt, it is the most important energy base in North China. Its pillar industries include steel deep processing, coal chemical industry, equipment manufacturing, food and medicine, textile and clothing, new building materials and new energy. On the back of Xingtai City's steady economic growth, the general budgetary revenue has increased year by year. In 2024, Xingtai City recorded a GRP of RMB276.6 billion, representing a YoY growth rate of 4.5%. In the first half of 2025, it achieved a GRP of RMB181.3 billion and a YoY growth rate of 4.3%. Its general budgetary revenue also increased slightly, amounting to RMB21.7 billion in 2024. However, the fiscal metrics remained moderate. The average percentage of tax revenue to the general budgetary revenue over the past three years was 53.7%. The fiscal balance ratio was below 35.0% over the past three years, reflecting high reliance on support from high-tier governments. As of the end of 2024, the local government's

outstanding debt amounted to RMB122.7 billion, accounting for about 44.3% of GRP and indicating relatively large debt pressure.

Exhibit 3. Key economic and fiscal indicators of Xingtai City

	2022FY	2023FY	2024FY
GRP (RMB billion)	254.7	258.6	276.6
GRP Growth (%)	3.6	4.1	4.5
General Budgetary Revenue (RMB billion)	21.0	21.4	21.7
General Budgetary Expenditure (RMB billion)	61.5	64.2	68.6
Local Government Debt (RMB billion)	95.0	110.4	122.7

Source: Xingtai Municipal Government, CCXAP research

Government's Willingness to Provide Support

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, road projects and resettlement housing projects, which are crucial for the urbanization and public welfare of Xingtai City. In addition, XTCG provides public transportation services in the city.

XTCG is contracted to carry out various infrastructure construction projects. Under agency construction model, the Company enters entrusted construction contracts with the local government, and the entrusting parties pay the total cost incurred plus a certain mark-up after reviewing the project. As of 31 December 2024, the Company had completed 5 major projects, with a total invested amount of RMB2.1 billion and received government payment of RMB1.8 billion. In recent years, the Company has primarily conducted projects constructions through self-operation model and engineering construction model. Under self-operation model, the Company is responsible for the financing of the project and achieves fund balancing through commercial leasing. As of 31 March 2025, there was 1 self-operated project under construction, Xingtai Ancient Town Restoration and Urban Renewal Project (south district and north district), with a total planning investment amount of RMB6.5 billion and an outstanding investment amount of RMB5.6 billion.

Besides, the Company shoulders the responsibilities of the construction and operation for key traffic projects in Xingtai City such as Xingtai Airport and expressway. The renovation construction of the airport was completed with a total investment amount of RMB680.0 million. The airport has commenced operations in July 2024, promoting the convenience of residents' travel and economic development. In addition, the reconstruction of Xingtai-Linqing Expressway is expected to be conducted by XTCG with a total investment amount of exceeding RMB10.0 billion.

Moreover, XTCG engages affordable housing projects construction in Xingtai City, mainly includes price-restricted commercial housing, resettlement housing and public rental housing. The Company is in charging of the financing and construction of price-restricted commercial housing and resettlement housing. The Company would achieve fund balancing through sales and government repurchase as projects are completed. For public rental housing, the Company would receive financial provision for construction and charge the management fees from the local government. As of 30 June 2025, the Company had 2 main completed projects, with total investment of RMB1.1 billion and collected repayments of RMB959.0 million.

XTCG provides public transportation services in Xingtai City, which mainly include urban bus, intercity bus and long-distance passenger transport. The Company is the sole urban bus operator in Xingtai City. As of 31 March 2025, the Company had 1,428 public vehicles operating in 222 routes, with a total length of routes amounting to 2,044.0 kilometers. However, the Company's several subsidiaries in public transportation sector has recorded continuous losses due to its public welfare nature and has received continuous government subsidies to compensate its losses. In 2024, Xingtai Municipal Government provided operating subsidies with total amount of RMB60.0 million to the Company.

Overall, the Company plays an important role in the development of Xingtai City and the public welfare. In our view, the Company is unlikely to be replaced by other entities in the near future.

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 2021, the local government transferred 16.05 mu of land for bus parking lots, expressway assets with book value of RMB1.9 billion. In 2022, the Company received the affordable housing with book value of RMB1.1 billion from the local government. Moreover, from 2022 to 2025H1, the local government consistently provided a total of RMB567.7 million in financial subsidies for the Company. 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.

High exposure to commercial activities especially in engineering construction sector

In addition to public activities, XTCG is engaged in commercial businesses such as engineering construction, property development, self-operated projects as well as construction materials sales. We consider the Company's exposure to commercial businesses to be high, accounting for more than 50% of its total assets, especially in property development and engineering construction segment. 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.

XTCG conducts engineering construction business through its important subsidiary XTRB with multiple professional qualifications such as special-grade qualification for national highway engineering construction general contracting, and first-grade qualification for municipal public engineering construction general contracting. XTCG carries out variety of transportation facilities and other infrastructure projects covering highway, intercity road, bridge, tunnel, as well as municipal projects in Hebei Province and other regions through open market bidding. As of 30 June 2025, XTRB had carried out engineering construction projects in 28 provinces, autonomous regions, and municipalities across China. The number and value of new contracts signed by XTRB have grown over the past three years. For example, the newly signed contract value of XTRB increased from RMB16.4 billion in 2023 to RMB17.1 billion in 2024, and the number of newly signed contracts increased from 80 to 87 at the same time. The traditional general contracting model and PPP model were mainly two business models for engineering construction projects before 2024. Currently, the Company has no newly signed PPP projects. In addition to the traditional general contracting model, the Company undertakes projects with Engineering Procurement Construction("EPC"), quasi-investment, and Build-Operate-Transfer("BOT") models. The traditional general contracting projects accounted for around 40.2% of its newly signed contracts value in 2024. Besides, the majority of its newly signed contracts were located in Hebei Province, accounting for 62.4% of its total new contracts over the same period. Engineering construction business is the primary

revenue source for the Company. In 2024, the revenue incurred by engineering construction business was RMB8.4 billion, accounting for around 73.8% of its total revenue. However, engineering construction projects generally require relatively large investments with longer construction and repayment periods, and therefore put pressure on the Company's capital turnover. In our view, the engineering construction business, especially road and bridge construction, requires a high level of operating capital and financing ability.

Under traditional general contracting business model, XTRB is typically only responsible for the construction of the project, and receives payments from the clients according to the construction progress. As of 30 June 2025, the Company had 21 projects under construction, with a total contract value of RMB9.0 billion and an invested amount of RMB4.7 billion. Under PPP model, XTRB generally cooperates with the government entity to form project company to develop and construct the project. XTRB usually holds the controlling equity interests in the project company and is charge of financing for the project. XTRB would achieve fund balancing mainly through government payment and supplemented by operating profit from the PPP projects. As of 30 June 2025, the Company had 8 main PPP projects under construction, with a total contract value of around RMB7.4 billion and an invested amount of RMB5.4 billion. In our view, PPP projects have a long investment cycle and repayment is highly dependent on the fiscal strength of the local government, which is subject to high volatility during a downturn in the land market. However, the Company will no longer undertake new PPP projects in the future.

The Company also expands its business to property development. As of 31 March 2025, the Company had 3 residential housing projects under construction, with a total estimated investment of RMB2.5 billion and an uninvested amount of approximately RMB736.0 million. All these projects have launched pre-sales, with advance payments received totaling RMB702.0 million, indicating a relatively low selling rate. Increasing investment in property development may bring more operating uncertainties and financial risks to the Company as the property sales are easily affected by the market conditions, particularly during the economic downturn in China.

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 30 June 2025, the Company's total debt increased to RMB32.7 billion from RMB25.5 billion as of end-2023. Meanwhile, the Company's total capitalization ratio sharply increased to 64.6% from 59.1% over the same period. However, the Company maintained relatively good debt maturity structure. As of 30 June 2025, the short-term debt to total debt ratio was 24.7%. Considering that the large number of engineering construction projects in pipeline and the ongoing project investments, we expect that the Company will rely on external financing to fulfill its investment needs, further increasing its debt burden in the next 12-18 months.

XTCG had moderate asset liquidity. As of 30 June 2025, the contract assets, inventories, and intangible assets accounted for 49.2% of its total assets. These assets were mainly the costs incurred to fulfill the contract of engineering construction business, construction costs of PPP projects, as well as the concession rights of PPP projects, which were considered as low liquidity. In addition, XTCG has a large scale of receivables (accounts receivable and other receivables), which are a result of engineering construction projects. These receivables have resulted in a certain capital occupation and exposed recovery risk to the Company, accounting for 14.2% of its total assets in the same period. The counterparties to XTCG's accounts receivable are mainly SOEs or transport departments at project sites, indicating relatively manageable repayment risk. As of 30 June 2025, the Company's total restricted assets amounted to RMB19.9 billion, accounting for 32.4% of total assets, mostly due to borrowings. Moderate asset liquidity may also undermine the Company's financing flexibility.

Diversified funding channels

XTCG has good access to different funding channels, such as bank loans, onshore and offshore 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. The Company has built long-term and close relationships with different banks such as policy banks, large state-owned commercial banks, and national jointed-stock commercial banks including China Development Bank, Agricultural Development Bank of China, and China Construction Bank Corporation. As of 30 June 2025, the Company had total bank facilities of RMB46.9 billion, with the available portion being RMB19.9 billion, indicating a sufficient standby liquidity. Moreover, the Company and its subsidiary XTRB have good track record of fund-raising activities in the capital market. From January 2024 to September 2025, the Company and XTRB issued 17 tranches of domestic bonds to raise RMB8.5 billion with reasonable coupon rates. XTRB entered the offshore bond market in 2023 and issued 2 tranches of offshore bonds, raising a total of RMB434.0 million. In addition, the Company's exposure to non-standard financing products was minor, which was less than 5% of its total debt as of 30 June 2025. The Company's non-standard financing product was mainly consisted of financial leasing.

ESG Considerations

XTCG is exposed to environmental risks because it has undertaken construction projects. Such risks could be moderated by conducting environmental studies and planning before the commencement of projects, and close monitoring during the construction phase.

XTCG bears social risks as it plays a crucial role in the social welfare of the residents in the Xingtai City. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

XTCG's governance considerations are also material as the Company is subject to oversight and reporting requirements to the Xingtai Municipal Government and has to meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

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