

Credit Opinion

25 July 2025

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

Analyst Contacts

Jonathan Kwong +852-2860 7133

Senior Credit Analyst

jonathan_kwong@ccxap.com

Jacob Hu +852-2860 7132

Assistant Credit Analyst

jacob_hu@ccxap.com

Elle Hu +852-2860 7120

Executive Director of Credit Ratings

elle_hu@ccxap.com

**The first name above is the lead analyst for this rating and the last name above is the person primarily responsible for approving this rating.*

Client Services

Hong Kong +852-2860 7111

Inner Mongolia Xingye Silver & Tin Mining Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of BBB_g- to Inner Mongolia Xingye Silver & Tin Mining Co., Ltd., with stable outlook.

Summary

The BBB_g- long-term credit rating of Inner Mongolia Xingye Silver & Tin Mining Co., Ltd. (“Xingye Mining” or the “Company”) reflects the Company’s (1) enhancing market position in silver and tin mining with sufficient reserves; (2) increasing production volume through technological upgrade and project acquisitions; (3) rapid revenue growth and good profitability; and (4) manageable debt level with solid debt repayment ability.

However, the rating is also constrained by the Company’s (1) earnings vulnerable to global economic conditions and metal price volatility; (2) operational risk related to safety incidents, partially alleviated by diversifying mine assets; (3) large capital expenditure pressure from project construction and acquisitions; and (4) moderate liquidity profile with concentration on bank borrowing.

The stable outlook on Xingye Mining’s rating reflects our expectation that the Company will maintain its leading market position in the mining industry, with steady growth in its production scale over the next 12-18 months.

Rating Drivers

- Enhancing market position in silver and tin mining with sufficient reserves
- Increasing production volume through technological upgrade and project acquisitions
- Earnings vulnerable to global economic conditions and metal price volatility
- Operational risk related to safety incidents, partially alleviated by diversifying mine assets
- Large capital expenditure pressure from project construction and acquisitions
- Rapid revenue growth and good profitability
- Manageable debt level with solid debt repayment ability
- Moderate liquidity profile with concentration on bank borrowing

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) commodity prices rise substantially, further boosting the Company's profits; (2) the Company's market position strengthens with a material increase in product production and reserves; and (3) the Company demonstrates lower debt leverage, improved credit metrics, and more diversified funding channels.

What could downgrade the rating?

The rating could be downgraded if (1) commodity prices decline sharply, adversely affecting the Company's earnings; (2) the Company's operations encounter material operating, geopolitical, or environmental issues; or (3) the Company indicates deteriorated credit metrics and weakened liquidity profile.

Key Indicators

| | 2022FY | 2023FY | 2024FY | 2025Q1 |
|-------------------------------|--------|--------|--------|--------|
| Total Assets (RMB billion) | 9.6 | 11.1 | 12.2 | 15.2 |
| Total Equity (RMB billion) | 5.6 | 6.6 | 8.0 | 8.8 |
| Total Revenue (RMB billion) | 2.1 | 3.7 | 4.3 | 1.1 |
| Net Profits (RMB billion) | 0.2 | 1.0 | 1.5 | 0.4 |
| EBIT/Revenue (%) | 15.8 | 32.6 | 44.1 | - |
| EBIT/Average Assets (%) | 3.4 | 11.7 | 16.2 | - |
| Total Debt/Total Capital (%) | 26.2 | 23.6 | 21.7 | 26.3 |
| Total Debt/EBITDA (x) | 2.9 | 1.2 | 0.9 | - |
| EBIT/Interest (x) | 2.2 | 8.9 | 16.0 | - |
| (CFO-Dividend)/Total Debt (%) | 39.6 | 85.2 | 76.6 | - |

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

Source: Company data, CCXAP research

Corporate Profile

Founded in 1996, Xingye Mining (Stock Code: 601899.SZ) is a mining company in China engaged in the exploration, mining, smelting, and sales of non-ferrous metals and precious metals, with a core focus on silver and tin. As of 9 July 2025, Inner Mongolia Xingye Gold Refinery Group Co., Ltd. ("Xingye Group") directly held 20.46% of the equity interest in Xingye Mining. Mr. Ji Xingye, the founder of Xingye Group and Xingye Mining, was the Company's ultimate controller. After the latest restructuring of Xingye Group in July 2025, China Cinda

Asset Management Co., Ltd. (“China Cinda”) became the second-largest shareholder, indirectly holding 6.87% of the Company’s shares. On 17 July 2025, Xingye Group pledged all of its holdings in Xingye Mining to China Jingu International Trust Co., Ltd.

Exhibit 1. Revenue structure in 2024

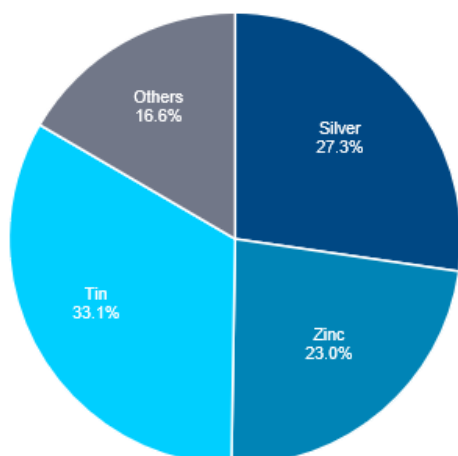
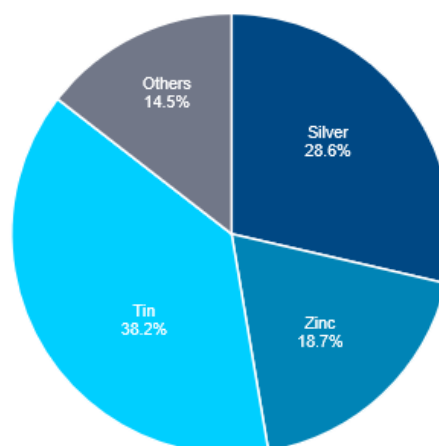


Exhibit 2. Gross profit structure in 2024



Source: Company data, CCXAP research

Exhibit 3. Shareholding chart as of 9 July 2025



Source: Company information, CCXAP research

Rating Considerations

Enhancing market position in silver and tin mining with sufficient reserves

Xingye Mining has an enhancing market position in China’s mining industry, especially in silver and tin mining. It possesses silver reserves of 27.2 thousand tons, tin reserves of 185.7 thousand tons, zinc reserves of 3.9 million tons, lead reserves of 1.3 million tons, and iron reserves of 8.0 million tons as of 31 March 2025.

Xiwuzhumuqin Banner Yinman Mining Co., Ltd. (“Yinman Mining”) is the Company’s core subsidiary, possessing silver reserves of 8,058.4 tons. In March 2025, the Company completed the 85% acquisition of Chifeng Yubang Mining Co., Ltd. (“Yubang Mining”), which has a total silver reserve of 17.9 thousand tons,

significantly strengthening the Company's market position in the silver mining industry. After the acquisition of Yubang Mining, the Company possessed silver reserves of 27.2 thousand tons. According to statistics from the Silver Institute in 2023, the Company ranks 1st in Asia and 8th globally among silver companies (after including the silver reserves of Yubang Mining). Moreover, the Company has taken over the management of Budun Yinggen Mining Co., Ltd. ("Budun Yinggen") from its parent company. Budun Yinggen obtained its mining license in September 2024 with silver reserves of 11.1 thousand tons and is expected to be injected into Xingye Mining in the future.

The Company's major subsidiary Yinman Mining is the second largest tin mining company in terms of the production volume of tin concentrate. As of end-2024, the Company possessed tin reserves of 185.7 thousand tons. In 2025, the Company plans to acquire Atlantic Tin Limited ("Atlantic Tin") for approximately AUD98.0 million. The acquisition will secure a 75.0% stake in the Achmmach Tin Mine in Morocco, which holds 213.3 thousand tons of tin reserves. We believe the acquisition will also further strengthen the Company's market position in the tin mining industry.

In addition, the Company's controlling shareholder, Xingye Group, and its mining subsidiaries hold multiple metal mineral exploration rights covering base and precious metals, such as gold, silver, copper, lead, zinc, tin, and iron. Xingye Group has committed that once the related mining operations become profitable for one year, it will initiate the transfer of such mining rights or mining subsidiaries to the Company. The future possible injection of mining assets will diversify the Company's product portfolio, expand its resource reserves, and enhance its industry position. However, it is noteworthy that Xingye Group has entered into restructuring since 2022 to repay the debt, which may entail uncertainties to the asset injection.

Xingye Mining's strategy centers on consolidating its mining stronghold in Inner Mongolia while expanding into high-potential regions and overseas markets, with silver and tin operations forming the core business complemented by strategic diversification into copper, gold, zinc, lead, iron, and other mineral resources.

Increasing production volume through technological upgrade and project acquisitions

The Company has improved the production capacity of major minerals through technological upgrades, project acquisitions, and expansion projects over the past few years. We believe that the Company's mine production will continue to increase in the short and medium term after the completion of mining expansion construction projects and acquisitions, further consolidating its position in the silver and tin mining industry.

From 2022 to 2024, the production volume of mine-produced silver of the Company increased by 54.8% to 228.9 tons, mainly driven by the completion of the technological upgrade of Yinman Mining, as well as the production expansion project at Qianjinda Mining Company. Xingye Mining's tin production also expanded rapidly in the past three years, mainly driven by the production resumption and technological upgrades of Yinman Mining. From 2022 to 2024, the Company's annual mine-produced tin production increased by 192.6% to 8,901.9 tons. We believe that the Company's mine-produced silver and tin production will continue to increase after the completion of major technological and expansion upgrade projects, such as Yinman Mining phase II expansion project, and the 825-expansion project at Yubang Mining. Yinman Mining currently has an annual ore processing capacity of 1.65 million tons. After the completion of its expansion project to 2.97 million tons per year, the mine's silver and tin output is expected to double. The ore processing capacity of Yubang Mining after expansion will increase from 0.6 million tons per year to 8.25 million tons per year. Upon full operation, it is expected to produce 450 tons of silver annually.

Exhibit 4. Production volume of major mine-produced products from 2022 to 2024

| | 2022 | 2023 | 2024 |
|----------------------|---------|---------|---------|
| Silver (tons) | 147.9 | 199.6 | 228.9 |
| Tin (tons) | 3,042.2 | 7,769.3 | 8,901.9 |
| Zinc (thousand tons) | 41.4 | 55.0 | 59.7 |
| Iron (thousand tons) | 351.8 | 352.3 | 339.1 |
| Lead (thousand tons) | 6.0 | 15.7 | 17.0 |

Source: Company information, CCXAP research

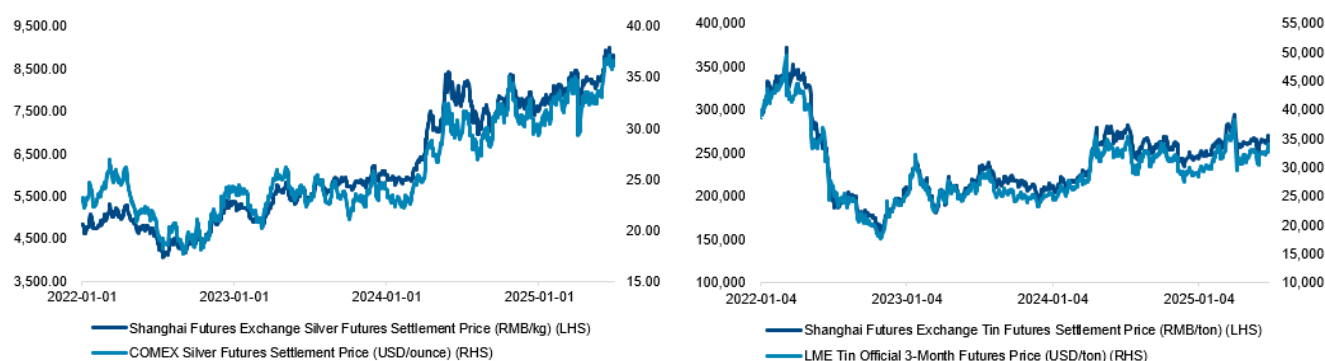
Earnings vulnerable to global economic conditions and metal price volatility

Considering that non-ferrous metal mining is a cyclical industry, metal prices have demonstrated a strong correlation with global economic cycles, resulting in large price volatility during the economic downturn and recovery period in recent years. Xingye Mining's revenue and earnings are vulnerable to fluctuations in metal prices, especially silver and tin. Nonetheless, Xingye Mining's exposure to metal price volatility could be partially mitigated by its mining product diversification, as silver and base metal prices are less correlated, given their different supply and demand dynamics.

Silver possesses dual attributes as both a precious metal and an industrial commodity, with its price movements reflecting a combination of safe-haven demand and industrial transformation trends. Over the past three years, with heightened global economic uncertainty and accelerated clean energy transition, silver has demonstrated a volatile upward trend. In the first half of 2025, driven by interest rate cut expectations, robust industrial demand, and gold-silver ratio normalization, silver prices have risen around 20% from that of end-2024. We expect silver prices to continue fluctuating upward, supported by the recovery of the new energy sector and safe-haven demand, while volatility may amplify in response to shifts in Federal Reserve policy and industrial inventory levels.

Tin is a critical industrial metal widely used in electronic soldering, semiconductor packaging, and new energy batteries. Its price movements are highly sensitive to global supply chain stability, industrial demand, and macroeconomic conditions. In 2022, tin prices fell to a low point due to expectations of a global economic recession and production cuts at Chinese smelters. In 2023, tin prices rebounded as the semiconductor industry recovered and supply shocks in Myanmar. In 2024, supply-side disruptions intensified amid global economic volatility, leading to significant price fluctuations. Considering that global tin reserves have shown little growth since 2010 and that semiconductor technological advancements continue to drive long-term demand, we expect tin prices to trend upward in 2025, though subject to geopolitical and macroeconomic uncertainties.

Exhibit 5. Silver and Tin Futures Prices from January 2022 to June 2025



Source: Wind, CCXAP research

Operational risk related to safety incidents, partially alleviated by diversifying mine assets

The Company's subsidiary Yinman Mining reported a material safety incident in 2019, which caused suspension of production and business activities for more than a year. The suspension resulted in a significant decrease in the Company's revenue and profit. In addition, the safety incidents of Yinman Mining in 2025 and Bosheng Mining in 2024 also led to a short period of production suspension, though operations were soon resumed. These events highlight operational risks, particularly given the Company's heavy reliance on Yinman Mining as its primary profit driver. Nevertheless, we believe the acquisition of Yubang Mining can partly mitigate the concentration risk, where disruptions at a single mine could materially impact earnings. The diversified production is expected to enhance resilience against potential future disruptions.

Large capital expenditure pressure from project construction and acquisitions

In the past three years, the Company has initiated several expansion projects to increase production and expanded its regional and global footprint through active mergers and acquisitions, bringing large capital expenditure pressure.

In addition to the acquisition of Yubang Mining for RMB2.4 billion and Atlantic Tin for AUD98.0 million to strengthen its core business, Xingye Mining acquired 70% shares of Tibet Bosheng Mining Development Co., Ltd. ("Bosheng Mining") for RMB280.0 million for its gold mines. The Company also finished acquiring 20% shares of Far East Gold Limited ("FEG Limited") in Australia for approximately RMB454.0 million in February 2025, which is an exploration company with three copper and gold mining projects in Indonesia and Australia, all currently in the exploration phase. The acquisition of Atlantic Tin and FEG Limited represents a pivotal milestone in the Company's internationalization strategy. Those acquisitions can enlarge the Company's operating scale and improve geographic diversification, but they also bring certain capital expenditure, oversea operating risk and exchange risk to the Company.

The Company also has several projects under construction. The most important projects are Yinman Mining phase II production expansion project and Yubang Mining production expansion project, which are estimated to invest approximately RMB4.0 billion in total. From 2022 to 2024, the Company recorded increasing net cash flows from investing activities of RMB466.7 million, RMB949.8 million, and RMB1.0 billion, mainly due to the high capital expenditure on project construction, as well as mergers and acquisitions over the past three years.

Rapid revenue growth and good profitability

Over the past three years, the Company has achieved rapid revenue growth, driven primarily by increasing production and sales volumes, as well as rising silver prices. The Company's total revenue more than doubled from RMB2.1 billion in 2022 to RMB4.3 billion in 2024. The Company's net profit also increased dramatically to RMB1.5 billion in 2024 from RMB173.9 million in 2022. In 2025Q1, the Company recorded revenue of RMB1.1 billion with a 50.4% YoY growth and net profit of RMB366.1 million with a 62.8% YoY growth.

With increasing metal prices and production volume, the Company's gross profit margin reached 63.0% in 2024 (2022: 44.5%), which was at a competitive level compared with its peers in China. Benefitting from lower financing costs, the Company's period expense ratio (including management fee, marketing fee, and finance cost) decreased from 19.6% in 2022 to 11.7% in 2024. Its EBIT margin increased significantly to 44.1% in 2024 from 15.8% in 2022, and its return on average assets rose to 16.2% from 3.4% over the same period, indicating good profitability. We expect that the Company's revenue and earnings will maintain high growth in the next 12

to 18 months, given the increase in production from newly completed technical transformation projects and mine asset acquisitions.

Manageable debt level with solid debt repayment ability

Xingye Mining demonstrates an increasing but manageable debt level. With continued investment in projects under construction and proactive acquisitions, the Company's total debt increased from RMB2.0 billion at end-2022 to RMB2.9 billion at 2025Q1. Despite the increasing debt amount, the Company's total capitalization ratio remained at a low level of 26.3% at 2025Q1. However, the Company still has a large reliance on short-term debt, with the short-term debt ratio of 46.2% at 2025Q1.

Additionally, the Company has a solid debt servicing ability with high profitability and strong operating cash flow. Its EBITDA was sufficient to cover the total debt, with the total debt/EBITDA ratio decreasing to 0.9x at 2025Q1 from 2.9x in 2022. Its EBIT/interest coverage ratio also rose to 13.2x from 6.4x over the same period. In addition, with the increasing revenue and profitability, the Company's net cash flow from operations ("CFO") has increased significantly to RMB1.8 billion in 2024 from RMB776.7 million in 2022, with the adjusted CFO/total debt ratio increasing to 76.6% from 39.6% over the same period. Given the ongoing capital expenditure for pipeline projects and the Company's acquisition appetite, we expect the Company's debt amount to remain elevated over the next 12 to 18 months, but the robust earnings growth could partially offset the impact of debt increase, keeping the debt leverage at a manageable level.

Moderate liquidity profile with concentration on bank borrowing

Xingye Mining has a moderate liquidity profile. As of 31 March 2025, the Company's cash reserve was RMB281.1 million, with a cash-to-short-term-debt ratio of approximately 0.2x, indicating a moderate liquidity profile.

The Company mainly relies on bank borrowings for external funding. As of 31 March 2025, it had bank credit facilities of RMB3.4 billion, with an undrawn amount of RMB1.1 billion. Meanwhile, as an A share-listed company, Xingye Mining also has access to the equity financing channel. Moreover, in May 2025, the Company announced that it plans to issue offshore bonds to broaden its funding channel.

Given Xingye Mining's sufficient operating cash inflow, solid liquidity buffer, and proactive efforts to explore diversified financing channels, we believe the Company is well-positioned to meet its capital needs for daily operations, debt repayments, construction projects, and acquisitions. However, as the controlling shareholder is currently undergoing restructuring, its ability to provide financial support is expected to be limited. Therefore, the Company will primarily rely on its own operational cash flow and financing capabilities to fulfill these obligations.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Mining Industry \(December 2017\)](#).

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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