Credit Opinion

4 November 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB_g
Outlook	Stable

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Chengdu Xinjin City Industry Development Group Company Ltd.

Surveillance credit rating report

CCXAP affirms Chengdu Xinjin City Industry Development Group Company Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Summary

The BBB_g long-term credit rating of Chengdu Xinjin City Industry Development Group Company Ltd. ("XCID" or the "Company") reflects Chengdu Xinjin District Government's strong capacity and very high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of Xinjin District Government's capacity to provide support reflects Xinjin District's status as one of the most advanced districts in rural revitalization strategy in Sichuan Province, with ongoing economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important strategic position in the development of Xinjin District; (2) high sustainability for infrastructure projects; and (3) solid track record of receiving government support.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) ongoing debt growth and certain short-term debt repayment pressure; and (3) weak asset liquidity.

The stable outlook on XCID's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role as the key investment and operating entity in Xinjin District over the next 12-18 months.

Rating Drivers

- Important strategic position in the development of Xinjin District
- High sustainability for infrastructure projects
- Medium exposure to commercial activities
- Solid track record of receiving government support
- Ongoing debt growth and certain short-term debt repayment pressure
- Weak asset liquidity
- Good access to funding from banks

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) changes in company's characteristics enhance local government's willingness to support, such as strengthening financing channels or improving debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) changes in company's characteristics weaken the local government's willingness to support, such as reducing strategic significance or increasing exposure to commercial activities.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	78.4	85.2	91.3	93.4
Total Equity (RMB billion)	39.1	39.5	40.5	40.7
Total Revenue (RMB billion)	2.1	2.6	3.2	1.2
Total Debt/Total Capital (%)	42.1	44.8	47.6	48.4

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

Source: Company data, CCXAP research

Corporate Profile

Founded in 2005, XCID is the largest state-owned infrastructure construction and assets operation entity in Xinjin District. XCID is primarily responsible for infrastructure construction, public transport operation, construction of resettlement housing, construction of industrial parks and other self-operating projects. Apart from its main business, the Company is also engaged in other commercial businesses, such as gravel sales, parking lot operation, and construction quality testing. As of 30 June 2026, the Company was directly and wholly owned by the Chengdu Xinjin District State-owned Assets Supervision and Administration Bureau ("Xinjin District SASAB").

Exhibit 1. Revenue structure in 2025

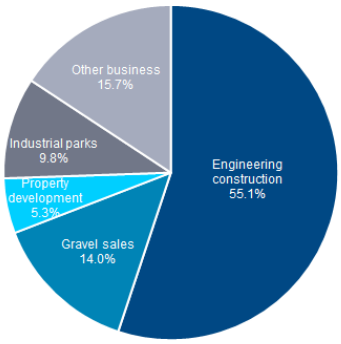
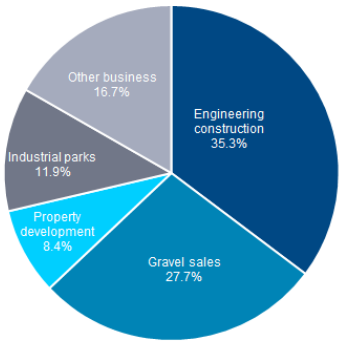


Exhibit 2. Gross Profit Structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Xinjin District Government has a strong capacity to provide support for the Company, given its status as one of the most advanced districts in rural revitalization strategy in Sichuan Province, with ongoing economic growth.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2025, Sichuan recorded a gross regional product ("GRP") of RMB6.8 trillion, with a GRP growth rate of 5.5% year-on-year ("YoY"). Its general budgetary revenue increased to RMB585.4 billion.

Chengdu City is a sub-provincial city that serves as the capital city of Sichuan Province. Chengdu City is also an important economic and financial center, as well as a transportation and communication hub in Southwest China, with a solid economic foundation. Its economy is characterized by industries such as electronic information product manufacturing, machinery, automotive, metallurgy, building materials, and light industry. In 2025, Chengdu City achieved a GRP of RMB2.5 trillion, a YoY increase of 5.8%. The Chengdu Municipal Government's general budgetary revenue amounted to RMB200.1 billion in 2025. In 2025, its fiscal balance ratio was 74.7%, which was at a moderate level. In 2025, Chengdu's outstanding government debt increased to RMB722.4 billion, accounting for 29.2% of its GRP.

Exhibit 3. Key Economic and Fiscal Indicators of Chengdu City

	2023FY	2024FY	2025FY
GRP (RMB billion)	2,207.5	2,351.1	2,476.4
GRP Growth (%)	6.0	5.7	5.8
General Budgetary Revenue (RMB billion)	192.9	195.0	200.1
General Budgetary Expenditure (RMB billion)	258.7	261.0	268.0
Local Government Debt (RMB billion)	522.9	620.7	722.4

Source: Statistic Bureau of Chengdu City, CCXAP research

Xinjin District is located in the south of Chengdu City, with a total area of 330 square kilometers. It was approved by the State Council as a district in 2020. Relying on its advantageous geographic location, being only 18 kilometers away from Chengdu Shuangliu International Airport and 28 kilometers away from Tianfu New District, Xinjin District is famous for its convenient transportation system. Xinjin's pillar industries, including food processing, railway, and new materials, form its industrial base. Under the government's new planning layout,

Xinjin District will develop four new major industries, namely, intelligent manufacturing, digital economy, agriculture, and tourism. Four corresponding development parks will be built, including Tianfu Intelligent Manufacturing Industrial Park, Digital Economy Industrial Park, Tianfu Agricultural Expo Park, and Lihuaxi Cultural Tourism Zone. Xinjin District has demonstrated ongoing economic and fiscal growth. The GRP of Xinjin District increased from RMB53.5 billion in 2024 to RMB57.0 billion in 2025, with a YoY increase of 6.5%. In 2026H1, Xinjin District achieved a GRP of RMB29.1 billion, a YoY increase of 6.6%. Xinjin District Government's general budgetary revenue slightly increased from RMB4.0 billion in 2024 to RMB4.1 billion in 2025. However, its tax revenue accounted for 50.2% of its general budgetary revenue, indicating modest fiscal stability. In addition, its fiscal balance ratio was 72.1%, which was at a moderate level. Xinjin District Government's debt amounted to RMB16.4 billion at end-2025, with the government debt to GRP ratio of 28.7%.

Exhibit 4. Key Economic and Fiscal Indicators of Xinjin District

	2023FY	2024FY	2025FY
GRP (RMB billion)	50.3	53.5	57.0
GRP Growth (%)	7.1	5.9	6.5
General Budgetary Revenue (RMB billion)	3.7	4.0	4.1
General Budgetary Expenditure (RMB billion)	5.9	6.2	5.7
Local Government Debt (RMB billion)	9.0	12.4	16.4

Source: Statistics Bureau of Xinjin District, CCXAP research

Government's Willingness to Provide Support

Important strategic position in the development of Xinjin District

XCID is the largest infrastructure construction and assets operation entity in Xinjin District by total assets. The Company has a clear position in the new planning layout of Xinjin District. The Company undertakes local public activities such as the construction of local infrastructure and resettlement housing projects. The Company also has a strong regional franchise right, and it is exclusively commissioned by the government to operate bus services in Xinjin District. In line with the development plan of the Xinjin District Government, XCID is transforming its business focus from infrastructure construction to industrial and urban development. The Company is mainly responsible for the construction of peripheral facilities in the intelligent manufacturing and digital economy industries in Xinjin District. It will oversee the construction of the Tianfu Intelligent Manufacturing Industrial Park and Digital Economy Industrial Park in Xinjin District to attract high-value companies for investment purposes.

As the major infrastructure construction company in the district, XCID has important strategic significance for local economic development and public activities. We believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

High sustainability for infrastructure projects

XCID undertakes a large number of key public policy projects in Xinjin District, which mainly consist of major infrastructure construction, and resettlement housing projects. We believe these projects are closely in line with the local development plan. The Company has demonstrated strong business sustainability through its sufficient public project reserves. As of 31 March 2026, the Company mainly had 4 infrastructure construction and resettlement housing projects under development, with an estimated total investment of RMB1.9 billion and an outstanding amount of RMB0.5 billion, and 34 projects under planning with an estimated total investment of RMB2.7 billion, which brings certain capital expenditure pressure to the Company.

In addition, XCID provides bus services to support local public transportation needs in Xinjin District, but the revenue from this segment has continued to decrease in recent years, given the low ticket prices. Due to the increase in operating costs and the public welfare nature of the public transportation business, the Company continues to suffer losses and highly relies on government subsidies to make up for the operating losses.

Medium exposure to commercial activities

In addition to public welfare activities, XCID is also involved in other commercial activities such as gravel sales, parking, self-operated projects, and construction quality testing businesses. We consider XCID's commercial business exposure to be medium as its market-driven businesses account for 25% to 30% of its total assets. Given the Company's blueprint for developing a market-driven business, we believe the Company will expand the scale of its commercial business in the future.

The Company's gravel sales business is approved by the Bureau of Planning and Natural Resources in Xinjin District, which has been given the right to mine sand in approved areas within Xinjin District. Most of the counterparties are construction companies in Sichuan Province. In 2025, the revenue from gravel sales business amounted to RMB454.4 million, accounting for 14.0% of total revenue, but with low gross profit margin of 1.8%.

The Company's industrial park leasing business mainly involves construction and leasing of standardized factory plants, commercial complexes, and office buildings, with regional exclusivity. As of 31 March 2026, the Company mainly had 5 projects under construction, with a total planned investment of RMB5.8 billion and an uninvested amount of RMB4.1 billion. Funding sources include self-owned funds and bank loans, with revenue primarily generated through leasing. As of 31 March 2026, the Company mainly had 2 leasable industrial parks, with occupancy rate of 82.7%. We consider the initial investments in the construction of the industrial parks to be large, with relatively long construction and payback periods, which will exert certain investment pressure and debt repayment pressure on the Company.

The Company acquires relevant land through public bidding and then conducts real estate project construction and sales under self-development model. Project construction funds are mainly self-owned funds and bank loans. As of 31 March 2026, the Company mainly had 6 real estate projects under construction, with total planned investment of RMB6.6 billion and uninvested amount of RMB3.4 billion, indicating relatively large capital pressure. In 2025, it recognized revenue from property development of RMB171.8 million, with gross profit margin of 32.1%. The operating conditions of real estate projects are easily influenced by factors such as the macroeconomy and the real estate market conditions.

The Company also conducts construction quality testing services for local construction companies. This business provides construction materials testing, air quality and environment testing, road construction testing, and construction consultation. Although the gross profit margin of this business is high, the small operating scale limits its contribution to the Company's overall income.

Solid track record of receiving government support

XCID has a proven track record of receiving ongoing government support from Xinjin District Government, including government subsidies, capital injections, and equity transfers. From 2023 to 2026H1, the Company received government subsidies of RMB664.6 million. In 2025, Xinjin SASAB injected paid-in capital of RMB35.0 million and capital reserves of RMB421.8 million into the Company. In June 2025, the local government transferred the equity interests of Chengdu Xinjin Jincheng Industry Investment Group Co., Ltd. to the Company.

The Company regularly receives payments and special funds for its infrastructure construction and resettlement housing projects. Considering the strategic role of XCID, we expect the Company will continue to receive support from Xinjin SASAB in the future.

Ongoing debt growth and certain short-term debt repayment pressure

XCID has had high debt growth due to its debt-driven business expansion over the past few years. The Company's total debt increased from RMB32.1 billion at end-2024 to RMB38.2 billion at mid-2026, while its total capitalization ratio increased from 44.8% to 48.4% over the same period. The Company faces certain short-term debt repayment pressure. As of 30 June 2026, the short-term debt accounted for 22.9% of total debt, and its cash to short-term debt ratio was 0.5x. Given the Company's large capital expenditure pressure from its construction projects, we expect the Company's debt burden to grow over the next 12 to 18 months.

In addition, the Company bears contingent liability risks arising from external guarantees. As of 31 December 2025, the Company had outstanding external guarantees of RMB10.2 billion, representing 25.2% of its net assets. All the external guarantees were provided to local state-owned enterprises, with manageable default risks, as they can receive government support to withstand unfavorable market conditions.

Weak asset liquidity

As of 30 June 2026, XCID's total assets mainly consisted of inventories, investment properties, and total receivables, accounting for 84.4% of its total assets. Inventories are mainly undeveloped land, investment properties are mainly land use rights, and receivables are mainly unreceived payments from the agencies of government or other state-owned companies, all of which are considered low liquidity. As of 31 December 2025, the Company's restricted assets amounted to RMB14.1 billion, accounting for 15.5% of its total assets. The Company's weak asset liquidity may undermine its financial flexibility.

Good access to funding from banks

Bank borrowing is the main external financing channel of the Company, accounting for around 76.0% of its total debt at mid-2026. Its available credit facilities also increased from RMB7.3 billion as of 30 September 2024 to RMB8.2 billion as of 31 March 2026. The sufficient credit facility provides good standby liquidity cushion to the Company. Around 10.6% of the Company's debt financing was provided by the debt capital market as of 30 June 2026, including both offshore bonds and onshore bonds. However, the Company still has certain exposure to non-standard financing, which accounted for 13.4% of total debt as of 30 June 2026.

ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the national governmental authorities. XCID assumes environmental risks for its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of the projects and close supervision during construction.

XCID is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Xinjin District. Demographic changes, public awareness and social priorities shape the government's development strategy and will affect the government's propensity to support the Company.

Governance considerations are also important for XCID as it is subject to oversight and reporting requirements of the local government, 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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