Credit Opinion

18 September 2026

Ratings	
Senior Unsecured Debt Rating	BBB_g+
Long-Term Credit Rating	BBB_g+
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Chengdu Wenjiang Xingrongxi City Operation Group Co., Ltd.

Surveillance credit rating report

CCXAP upgrades Chengdu Wenjiang Xingrongxi City Operation Group Co., Ltd.'s long-term credit rating to BBB_g+, with stable outlook.

Summary

CCXAP has upgraded the Chengdu Wenjiang Xingrongxi City Operation Group Co., Ltd. ("WXCO" or the "Company") to BBB_g+ from BBB_g, as reflected by Wenjiang District Government's increasing capacity to provide support given Wenjiang District's ongoing economic growth and industrial development.

The BBB_g+ long-term credit rating of WXCO reflects Chengdu Wenjiang District Government's very strong capacity and very high willingness to provide support to the Company, based on our assessment of the Company's characteristics.

Our assessment of Wenjiang District Government's capacity to provide support reflects Wenjiang District's gross regional product ("GRP") maintains a moderate level in Chengdu City, with relatively good fiscal self-sufficiency.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) strong position in the infrastructure construction and city operation in Wenjiang District; (2) solid track record of receiving government payments; and (3) good access to funding channels.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities, associated with large capital pressure; (2) increasing debt burden and moderate asset liquidity; and (3) medium contingent risks resulting from external guarantees.

The stable outlook on WXCO's rating reflects our expectation that, for the next 12 to 18 months, the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role as the key infrastructure construction entity in Chengdu Wenjiang District.

Rating Drivers

- Strong position in the infrastructure construction and city operation in Wenjiang District
- Medium exposure to commercial activities
- Large capital expenditure pressure associated with self-operated construction projects
- Solid track record of receiving government payments
- Increasing debt burden and moderate asset liquidity
- Good access to funding channels
- Medium contingent risks resulting from external guarantees

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 the Company's characteristics enhance the local government's willingness to support, such as decreasing exposure to external guarantees or improving assets liquidity.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) changes in the Company's characteristics weaken the local government's willingness to support, such as reducing strategic significance or weakening access to financing channels.

Key Indicators

	2023FY	2024FY	2025FY	2026Q1
Total Asset (RMB billion)	101.2	107.6	153.8	160.8
Total Equity (RMB billion)	55.2	54.8	73.2	73.3
Total Revenue (RMB billion)	4.0	4.1	5.5	1.0
Total Debt/Total Capital (%)	40.9	44.4	47.5	49.9

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

Source: Company data, CCXAP research

Corporate Profile

Founded in 2016, WXCO is a major local infrastructure investment and financing company ("LIIFC") in charge of most major infrastructure and resettlement housing projects in Wenjiang District of Chengdu City. The Company has a diverse business portfolio and primarily engages in agency construction business. In addition, the Company generates operating income from other businesses such as self-operated project construction, leasing and asset management, and real estate sales. In December 2023, two state-owned enterprises, Chengdu Jincheng Guanghua Investment Group Co., Ltd. ("Guanghua", responsible for the operation of transportation assets and other urban infrastructure construction business in Wenjiang District) and Chengdu Jintaihe Investment Co., Ltd. ("Jintaihe", responsible for relocation and resettlement of housing projects, construction and maintenance of roads and infrastructure in Wenjiang District) were transferred to the Company. In 2025, 80% of equity interest in Chengdu Longke Urban and Rural Development Group Co., Ltd. ("LURD") was transferred to the Company as part of the restructuring of local state-owned enterprises under government planning.

In December 2025, Wenjiang District State-owned Assets Supervision and Administration Bureau (“Wenjiang SASAB”) transferred its 100% shareholding in WXCO to Chengdu Wenjiang Development Holding Group Co., Ltd. (“Wenjiang Development”). As of 31 March 2026, the ultimate controller was Wenjiang SASAB.

Exhibit 1. Revenue Structure in 2025

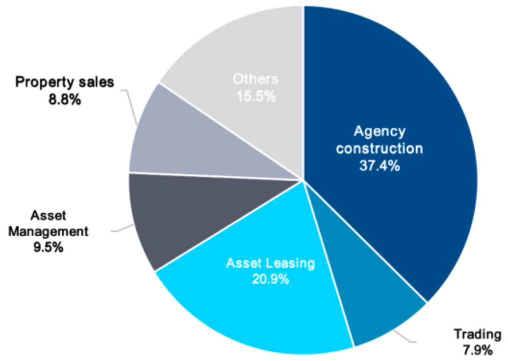
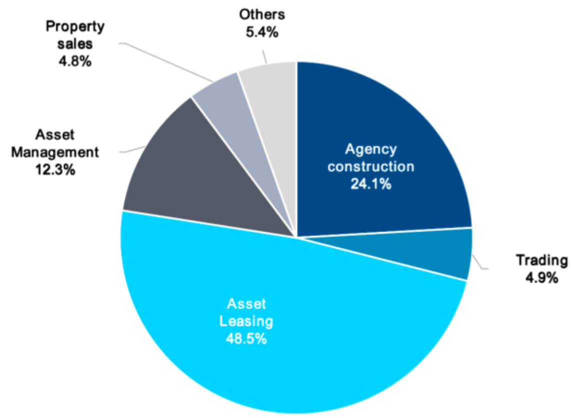


Exhibit 2. Gross Profit Structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Shareholding and organization chart as of 31 March 2026

Source: Company information, CCXAP research

Rating Considerations

Government’s Capacity to Provide Support

We believe that the Wenjiang District Government has a very strong capacity to provide support for the Company, given its ongoing economic growth and industrial development.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2025, Sichuan's GRP was RMB6.8 trillion, a YoY increase of 5.5%; Its general budgetary revenue increased to RMB584.9 billion, up by 3.8% YoY.

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 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, a YoY increase of 2.6%. In 2025, tax revenue of Chengdu City increased to RMB140.9 billion from RMB137.4 billion in 2024. In 2025, its fiscal balance ratio was 74.7%, which was at a relatively good level. In 2025, Chengdu's outstanding government debt increased to RMB722.4 billion with an increasing trend, accounting for 29.2% of its GRP.

Exhibit 4. 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

Wenjiang District is located in northwest of Chengdu City, with a total area of 277 square kilometers. Relying on its advantageous natural environment, Wenjiang District has been recognized as a national ecological system construction demonstration zone and a model city of green development in China. Supported by its pillar industries, such as flowers and plants, biopharmaceuticals, food and beverage, medical health and eco-tourism industries, Wenjiang District demonstrated ongoing economic growth in the past few years. In 2025, Chengdu Medical City in Wenjiang District was home to over 650 biopharmaceutical enterprises, generating total annual operating revenue of RMB26.5 billion. Wenjiang District has received continuing policy and resource support from the Sichuan Provincial Government and the Chengdu Municipal Government, with the medical health industry positioned as a provincial highland. It also operates under the close administration of the Chengdu Municipal Government in fiscal budgeting, debt quota allocation and performance assessment. In 2025, the GRP of Wenjiang District increased by 6.5% to RMB84.0 billion. Its general budgetary revenue showed a significant increase of 15.2% from 2024 to RMB6.8 billion. Wenjiang District had a relatively good fiscal self-sufficiency rate of 76.0% in 2025. Its average three-year tax revenue accounted for 70.4% of its general budgetary revenue, indicating relatively good fiscal quality. Wenjiang District has a moderate debt profile, with a government debt to GRP ratio of 29.2% as of 31 December 2025.

Exhibit 5. Key Economic and Fiscal Indicators of Wenjiang District

	2023FY	2024FY	2025FY
GRP (RMB billion)	73.0	77.1	84.0
GRP Growth (%)	5.6	4.1	6.5
General Budgetary Revenue (RMB billion)	5.6	5.9	6.8
General Budgetary Expenditure (RMB billion)	8.2	7.8	8.9
Local Government Debt (RMB billion)	20.1	22.0	24.6

Source: Statistic Bureau of Wenjiang District, CCXAP research

Government's Willingness to Provide Support

Strong position in the infrastructure construction and city operation in Wenjiang District

WXCO is a major infrastructure construction and urban operation subsidiary of Wenjiang Development, with LURD incorporated into its consolidated scope in 2025. After the consolidation of state-owned enterprises in Wenjiang District, there are mainly two state-owned enterprises directly controlled by Wenjiang SASAB, namely Wenjiang Development and Chengdu Wenjiang Industrial Investment Holding Group Co., Ltd. ("Wenjiang Industrial Investment"). Wenjiang Industrial Investment focuses on industrial investment, engineering construction, facility management and operations, while Wenjiang Development is mainly responsible for urban-rural development, smart city, environmental green energy and commercial services in Wenjiang District. As the primary subsidiary of Wenjiang Development, WXCO is mainly responsible for infrastructure and resettlement housing construction in Wenjiang District.

The Company's agency construction business can be divided into two parts: infrastructure construction business and resettlement housing development business. In recent years, the agency construction business has been the largest contributor to the Company's revenue. The transfer of LURD into the Company further boosted its infrastructure construction business and strengthened the Company's dominant role in the public projects in Wenjiang District. As of 31 March 2026, the Company completed major projects with an actual investment of RMB2.8 billion, of which RMB2.3 billion has yet to be repaid, implying that the payment progress was relatively prolonged. As of 31 March 2026, the Company had an uninvested amount of RMB1.3 billion in the major projects under construction. The relatively large amount to be invested exerts certain capital expenditure pressure in the future. Given the Company's strong position in the infrastructure construction and resettlement housing development in Wenjiang District, we believe that the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

The Company was also responsible for sewage treatment and bus operation business in the region. In 2025, the sewage treatment and bus operating subsidiaries were transferred out of the Company, the Company no longer participate in these businesses in 2026.

Medium exposure to commercial activities

In addition to public welfare activities, the Company is involved in other commercial activities such as self-operated projects, asset leasing and management, and property sales. In 2025, the subsidiaries engaged in building materials and oil sales were transferred out of the Company. We consider the Company's commercial business exposure to be medium, as its market-driven businesses account for more than 30% of its total assets as of 31 December 2025. Among them, the construction of self-operated projects brings large pressure on capital expenditure and the risk of payment collection for the Company.

The Company has self-operated business, including the Youqing Flower Industry Base and the Agricultural High-tech Industrial Park. As of 31 December 2025, the Company had 5 major self-operated projects under construction, with a total planned investment of approximately RMB3.9 billion and cumulative investment of approximately RMB3.0 billion. Upon completion of these projects, the Company plans to realize capital recovery through commercial leasing, residential sales, rental of parking spaces and charging piles, and rental of advertising spaces. Overall, the Company's self-operated projects have a long construction period and a large upfront capital investment, indicating long payback period.

The Company engages in asset leasing and management business. For the leasing business, The Company enters into leasing agreements with local government institutions as well as private enterprises, with leased assets encompassing school, resettlement housing, shops, as well as pipelines. This segment has generated stable cash flow over the past few years. In 2025, the revenue from asset leasing business recorded revenue of RMB1,147.6 million. The Company's asset management business covers the maintenance of transportation infrastructure in Wenjiang District. The service period normally ranges from 15 to 20 years; hence the sustainability of this segment is high.

The Company also conducts property sales business in Wenjiang District, including commercial residential housing and resettlement housing. With the consolidation of LURD in to WXCO, the revenue from the property sales business increased to RMB482.8 million in 2025 from RMB180.9 million in 2024. As of 31 August 2026, the Company had 6 major property projects under construction, with a total planned investment over RMB6 billion and outstanding investment over RMB3 billion. However, the selling progress of the commercial residential housing was relatively slow under the downturn of the real estate, which may bring uncertainties on the future project sales and the collection of sale proceeds.

Solid track record of receiving government payments

WXCO has a proven track record of receiving ongoing government support from Wenjiang SASAB, including government subsidies, and equity transfers. In 2024 and 2025, Wenjiang SASAB provided financial subsidy of RMB103.2 million and RMB184.2 million to the Company, respectively. In December 2023, Wenjiang SASAB transferred two state-owned enterprises (Guanghua and Jintaihe), which effectively enhanced the Company's business strength and capital position. In 2025, 80% of equity interest in LURD was transferred to the Company. In light of the Company's strong position in Wenjiang District, we expect the Company will continue to receive ongoing support from the local government over the next 12 to 18 months.

Increasing debt burden and moderate asset liquidity

With the business expansion in the past few years, the Company's total debt increased by 67.3% to RMB73.1 billion at end-March 2026 from RMB43.7 billion at end-2024, with a total capitalization ratio of 49.9%. Over the same period, the ratio of short-term debt to total debt increased from 28.6% to 32.2%, with the cash to short-term debt ratio of 0.5x, indicating that cash on hand was insufficient to cover its short-term debt. Given the Company's large capital expenditure pressure on its public and self-operated projects, we expect the Company's debt will gradually increase over the next 12-18 months.

WXCO has moderate asset liquidity. As of 31 March 2026, the Company's total assets mainly consisted of inventories, accounts receivables, other receivables and intangible assets, accounting for 80.0% of its total assets. Among them, inventories are mainly land and construction costs, accounts receivables and other receivables are mainly unreceived payments from the agencies of government or other state-owned companies, and intangible assets mainly consist of paid usage rights and land use rights, most of which are considered to be low liquidity.

Good access to funding channels

The Company's investment needs are greatly supported by its diversified financing channels, mainly comprising bank loans and onshore bonds. In addition, the Company had an available bank credit facility of RMB17.5 billion at end-March 2026, indicating a good liquidity buffer. As of 31 March 2026, bond financing accounted for more than 20% of the Company's total debt. From January 2025 to August 2026, the Company issued 2 tranches of onshore bonds of around RMB2.0 billion with a coupon rate of 2.2% and 1.93%. The proportion of non-standard financing channel was relatively low at less than 10% as of 31 March 2026. Overall, the financing cost of the Company is relatively low, with the overall funding cost of the Company at 4.20%, which demonstrates the recognition of the capital market on the Company's credit profile.

Medium contingent risks resulting from external guarantees

The Company bears medium contingent risk arising from external guarantees. As of end-2025, the Company had outstanding external guarantees of RMB24.8 billion, representing 34.0% of its net assets. Among them, an outstanding amount of RMB35.8 million was provided to relocated households who entered into mortgage loans. In case a credit event occurs, the Company may face certain contingent liability risks, which could negatively impact its credit quality. However, as most of the guarantees are provided to local state-owned entities, which are likely to be supported by the local government, when necessary, we believe the contingent risk would be controllable.

ESG Considerations

WXCO bears environmental risks through its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning before the commencement of the projects and close supervision during construction.

WXCO bears social risks as it implements public policy initiatives by building public infrastructure in Wenjiang District. 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.

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

Structural Consideration

WXCO's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strategic role in undertaking public policy projects in Wenjiang District, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

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

Appendix

Exhibit 6. Peer Comparison

	Chengdu Wenjiang Xingrongxi City Operation Group Co., Ltd.	Chengdu Longke Urban and Rural Development Group Co., Ltd.	Chengdu Medical City Urban Construction Development Co., Ltd.
Long-Term Credit Rating	BBB_g+	BBB_g	BBB_g
Shareholder	Chengdu Wenjiang Development Holding Group Co., Ltd.	Chengdu Wenjiang Xingrongxi City Operation Group Co., Ltd. (80%)	Chengdu Jiulian Investment Group Co., Ltd.
Positioning	Responsible for infrastructure construction and resettlement housing construction in Wenjiang District	Responsible for rural revitalization and integrated development of urban and rural areas in the northern part of Wenjiang District.	Responsible for infrastructure construction in the Chengdu Medical City and industrial investment and operation in Wenjiang District
Total Asset (RMB billion)	107.6	94.2	48.9
Total Equity (RMB billion)	54.8	55.5	23.4
Total Revenue (RMB billion)	4.1	3.3	1.2
Total Debt/Total Capital (%)	44.4	36.3	39.0

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research

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