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

Hong Kong, 25 July 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a first-time long-term credit rating of BBB_g- to Inner Mongolia Xingye Silver & Tin Mining Co., Ltd. ("Xingye Mining" or the "Company"), with stable outlook.

The BBB_g- long-term credit rating of Xingye Mining 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.

Corporate Profile

Founded in 1996, Xingye Mining (Stock Code: 000426.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 its holdings in Xingye Mining to China Jingu International Trust Co., Ltd.

Rating Rationale

Credit Strengths

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.

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.

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. 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. Additionally, the Company has a solid debt servicing ability with high profitability and strong operating cash flow.

Credit Challenges

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.

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

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.

Rating Outlook

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.

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.

Rating Methodology

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

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