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

Hong Kong, 10 November 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has upgraded the long-term credit rating of Chengdu Xinjin City Industry Development Group Company Ltd. ("XCID" or the "Company") to BBB_g from BBB_g-, with stable outlook.

The rating upgrade reflects the Company's important strategic position as the largest entity for infrastructure construction in Xinjin District, along with its improving access to funding and reduced reliance on non-standard financing.

The BBB_g long-term credit rating of XCID reflects Chengdu Xinjin District Government's strong capacity and very high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of the 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) solid track record of receiving government support; and (3) high sustainability for infrastructure projects. However, the Company's rating is constrained by its (1) increasing exposure to commercial activities; (2) high debt growth with short-term debt maturity pressure; and (3) weak asset liquidity.

Corporate Profile

Founded in 2005, XCID is the largest state-owned infrastructure construction and assets operation entity in Xinjin District. The Company 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 31 March 2025, the Company was directly and wholly owned by the Chengdu Xinjin District State-owned Assets Supervision and Administration Bureau ("Xinjin District SASAB").

Rating Rationale

Credit Strengths

Important strategic position in the development of Xinjin District. XCID is the largest Local Infrastructure Investment and Financing Company in Xinjin District by total assets. The Company has a clear position in the new planning layout of Xinjin District and undertakes local public activities such as infrastructure and resettlement housing projects. It is exclusively commissioned by the government to operate bus services in the district.

High sustainability for infrastructure projects. XCID undertakes a large number of key public policy projects in Xinjin District, which are closely aligned with the local development plan. As of 31 March 2025, the Company had 10 main infrastructure construction projects under construction or planning, with an expected investment amount of RMB6.1 billion.

Solid track record of receiving government support. The Company regularly receives government subsidies, capital injections, and equity transfers. From January 2024 to March 2025, the Company received government subsidies of RMB305.0 million and a cash injection of RMB39.0 million.

Improving access to funding especially from large banks. The Company has demonstrated an improving access to funding especially from banks side. The Company's available credit facilities increased from RMB7.3 billion as of September 2024 to RMB11.4 billion as of June 2025, providing a good standby liquidity cushion.

Credit Challenges

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 around 20% of its total assets.

High debt growth and weak asset liquidity. 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 RMB28.6 billion at the end of 2023 to RMB33.6 billion as of 31 March 2025, while its total capitalization ratio increased from 42.1% to 45.9% over the same period. As of June 2025, inventories, investment properties, and receivables accounted for 85.7% of total assets, all of which are considered low liquidity.

Medium contingent risks arising from external guarantees. The Company bears contingent liability risks arising from external guarantees. As of 31 December 2024, the Company had outstanding external guarantees of RMB16.6 billion, representing 41.9% of its net assets.

Rating Outlook

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.

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 characteristics weaken the local government's willingness to support, such as reducing strategic significance or increasing exposure to commercial activities.

Rating Methodology

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

Regulatory Disclosures

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