

CCXAP affirms Xi'an Free Trade Port Construction Operation Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Hong Kong, 3 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Xi'an Free Trade Port Construction Operation Co., Ltd.'s (“XFTP” or the “Company”) long-term credit rating at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of XFTP reflects the Company's leading market position among all operators of China Railway Express (“CR Express”) with a strong competitive position, under the guidance of the Belt and Road Initiative (“BRI”). However, the rating is constrained by the Company's (1) weak profitability from freight train operation, which is subject to fluctuations due to the macro environment and market competition; (2) high leverage level with large short-term debt pressure; and (3) moderate asset liquidity with high proportion of account receivables.

The rating also reflects our expectation of a high likelihood of support from the local government and XFTP's parent company, namely Xi'an International Port Group Co., Ltd. (“Port Group”), which is based on the Company's (1) status as the core subsidiary of Port Group; (2) ultimate control by the Management Committee of Xi'an Chanba International Port; (3) regional importance in terms of freight forwarding and freight train operation in Xi'an International Trade & Logistic Park (“International Park”); and (4) good track record of receiving support from the local government and the parent company.

Corporate Profile

Established in 2018, XFTP is an important state-owned enterprise (“SOE”) located in the International Park. The Company is the largest freight forwarding entity and the primary operator of CR Express starting from Xi'an City, namely Chang'an freight train. CR Express is one of the key projects of the BRI, with a high strategic position to connect China with the Eurasian continent. Chang'an freight train has the most complete routes with the widest coverage, the highest efficiency and the fastest speed among CR Express in China. In addition, the Company also engages in diversified businesses including commodity sales, venue operation, consulting and investment.

As of 30 June 2025, Port Group directly held 89.9% of stake in XFTP, and the rest of the shares were held by Shaanxi Financial Asset Management Co., Ltd. The actual controller of XFTP is the Management Committee of Xi'an Chanba International Port. Port Group is the primary investment, financing and construction entity for the infrastructure construction of the International Park. As of 30 June 2025, XFTP had total assets of RMB24.4 billion and net assets of RMB6.2 billion.

Rating Rationale

Credit Strengths

Leading market position among all operators of CR Express. XFTP is the largest freight forwarding entity and primary operator of Chang'an freight train in International Park, Xi'an City. Supported by good location, cost and policy advantages, Xi'an City has developed into a key gathering city along BRI, and its major international freight train, namely Chang'an, also became the international freight train with the most complete routes, the widest coverage, the highest efficiency and the fastest speed among all the CR Express operated in other cities. In 2024, XFTP operated 4,296 train trips, accounting for 86.2% of total train trips operated by Chang'an freight train, indicating its strong market position in the CR Express.

High likelihood of support from the local government and the parent company. We expect a high likelihood of government support from the local government and Port Group to XFTP in times of need. Our expectation incorporates the considerations of the Company's (1) status as the core subsidiary of Port Group; (2) ultimate control by the Management Committee of Xi'an Chanba International Port; (3) regional importance in the International Park, Xi'an City; and (4) good track record of receiving government support from the local government.

Credit Challenges

Weak profitability from freight train operation, which is subject to fluctuations due to the macro environment and market competition. XFTP's profitability has remained relatively weak and is subject to uncertainties. Due to the influence of global macroeconomic fluctuation and intensive market competition, the gross profit margin of Chang'an freight train operation fluctuated across time. Moreover, the operation of Chang'an freight train highly relied on government subsidies due to its policy-driven nature.

High debt leverage with large short-term debt pressure. XFTP's total debt demonstrated an increasing trend over the past three years, mainly driven by supporting construction and continuous operating expenses of Chang'an freight train project. Given the expanding scale of train operations, ongoing investment in the CR Express (Xi'an) Assembly Center, and its role in securing external financing for Port Group, we expect the Company will continue to rely on external funding to meet its capital needs. Consequently, we project its debt level and leverage ratio will increase over the next 12-18 months.

Moderate asset liquidity with high proportion of account receivables. XFTP's liquidity profile was moderate, as its assets were dominant by account receivables, debt investment, and long-term equity investment, which could undermine its financial flexibility. Since the Company's external debt and equity investment are mainly for the local entities with limited income, we expect the liquidity is relatively low. Overall, the Company's moderate asset liquidity could weaken its financial flexibility and necessitate reliance on external financing when needed.

Rating Outlook

The stable outlook on XFTP's rating reflects our expectation that the Company's important position to the International Park and its parent company is unlikely to change. We also expect that the Company will maintain its competitiveness and importance in Chang'an freight train operation over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the government support or parental support is expected to be strengthened; or (2) the Company's stand-alone credit profile improves significantly, including increased profitability, improvement in debt structure and liquidity.

What could downgrade the rating?

The rating could be downgraded if (1) the government support or parental support is expected to be weakened; or (2) the Company's stand-alone credit profile weakens significantly, including deterioration in credit metrics, and poor liquidity management.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

Regulatory Disclosures

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