

CCXAP affirms the long-term credit rating of Xiamen Xindeco Ltd. at BBB_g, with stable outlook.

Hong Kong, 10 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Xiamen Xindeco Ltd. (“Xiamen Xindeco” or the “Company”) at BBB_g, with stable outlook.

The BBB_g long-term credit rating of Xiamen Xindeco reflects the Company’s (1) good market position in supply chain trading with strong channel advantage; (2) good access to capital; and (3) electronic information sector plays an important role in the transformation of the Company’s operational structure. However, the rating is constrained by the Company’s (1) earnings vulnerable to commodity price volatility and global economic conditions; (2) decreasing revenue with weak profitability; and (3) high debt leverage.

The rating also reflects a high likelihood of receiving support from its parent, Xiamen ITG Holding Group Co., Ltd. (“Xiamen ITG Group”), which is based on (1) the Company’s status as the important subsidiary in commodity trading and automobile distribution of Xiamen ITG Group; (2) good track record of receiving support from Xiamen ITG Group; and (3) medium parent-subsidiary linkage. It also reflects the high likelihood of receiving support from Xiamen Municipal Government, given the Company’s (1) ultimate ownership by Xiamen Municipal Government; and (2) important position in local economic development.

Corporate Profile

Xiamen Xindeco (Stock Code: 000701.SZ) was founded in 1984 and listed on the Shenzhen Stock Exchange in 1997. The Company is a core member of Xiamen ITG Group, with main business covering automobile distribution, supply chain, and information technology. It has been consecutively selected as one of the top 500 listed companies in China. As of 30 June 2025, Xiamen ITG Group is the largest shareholder of the Company, holding 39.93% of the Company. State-owned Assets Supervision and Administration Commission of Xiamen Government (“Xiamen SASAC”) is the ultimate controller of the Company.

Rating Rationale

Credit Strengths

Good market position in supply chain trading with a strong channel advantage. Xiamen Xindeco is primarily engaged in supply chain trading, and it mainly comprises the trading of non-ferrous metals (copper, aluminum, zinc) and ferrous metals (iron ore, steel, and coal). The Company has demonstrated a good market position in the commodity trading business with a core emphasis on non-ferrous metals and ferrous metals. The Company is one of the 2024 Top 20 Global Iron Ore Trading Suppliers.

Good access to capital. As of 31 March 2025, the Company has ample liquidity support from banks, with a total credit facility of RMB30.7 billion and an unutilized amount of RMB12.2 billion. In addition, as a listed company on the Shenzhen Stock Exchange, the Company has smooth

access to direct financing. Meanwhile, the Company has outstanding perpetual bonds with a total outstanding amount of RMB2.0 billion as of 30 June 2025.

High likelihood of strong support from the parent company. Xiamen Xindeco has a high likelihood of receiving support from its parent, Xiamen ITG Group, given its (1) status as an important subsidiary in commodity trading and automobile distribution of Xiamen ITG Group; (2) good track record of receiving support from Xiamen ITG Group; and (3) the medium parent-subsidiary linkage. We also believe that Xiamen Xindeco has a high likelihood of receiving support from Xiamen Municipal Government via Xiamen ITG Group, considering its (1) ultimate ownership by the local government; and (2) important position in local economic development.

Credit Challenges

Earnings vulnerable to commodity price volatility and global economic conditions. The commodity trading business is highly cyclical, as the underlying goods are mainly sensitive to economic cycles, resulting in large price volatility during the economic downturn and recovery period in recent years. Major commodities of the Company's trading portfolio, especially ferrous commodities, have seen price fluctuations in recent years, and the trend may persist.

Decreasing revenue with weak profitability. Affected by the intensified market competition in the automobile industry, and commodity price volatility, the Company's total revenue has further dropped from RMB71.5 billion in 2023 to RMB43.8 billion in 2024. The Company's return on total assets remained negative and further decreased from -2.2% in 2023 to -3.0% in 2024, while the EBIT margin also dropped from -0.5% to -1.0% over the same period. Overall, the Company's profitability is expected to remain relatively weak due to the challenges in its major business lines.

High debt leverage with short-term debt repayment pressure. The Company's debt leverage is relatively high. From 2023 to 2025H1, the Company's total debt (including perpetual debt) further increased from RMB11.2 billion to RMB15.3 billion. The adjusted total capitalization ratio increased from 89.2% to 97.5%, reaching a high level although trading companies typically demonstrate high debt leverage. As of 30 June 2025, the Company's short-term debt accounted for 64.3% of its total debt, which is at a relatively high level.

Rating Outlook

The stable outlook on Xiamen Xindeco's rating reflects our expectation that the Company will maintain its good market position in the supply chain trading business over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Xiamen ITG Group's willingness and capacity to provide support increases; and (2) the Company's stand-alone credit profile improves significantly, such as having a more diversified business profile or improved credit metrics.

What could downgrade the rating?



The rating could be downgraded if (1) Xiamen ITG Group's willingness and capacity to provide support decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in credit metrics or weakened liquidity position.

Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong

Associate Director of Credit Ratings

+852-2860 7124

peter_chong@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656