中誠信亞太
CCXAP

CCXAP affirms Sichuan Xinyao Industrial Integration Industry Investment & Development Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 10 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Sichuan Xinyao Industrial Integration Industry Investment & Development Group Co., Ltd. ("XIDG" or the "Company") at BBBg, with stable outlook. At the same time, CCXAP has affirmed the senior unsecured debt rating (guaranteed) of A_g+ to the Company's existing USD bonds (ISIN: XS3177751131), and the senior unsecured debt rating (guaranteed) of A_g to the Company's existing USD bonds (ISIN: HK0001151510).

The BBB_g long-term credit rating of XIDG reflects reflects (1) Mianyang Economic and Technological Development Zone ("Mianyang ETDZ") Government's strong capacity to provide support; and (2) the local government's extremely high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of the Mianyang ETDZ Government's capacity to provide support reflects Mianyang ETDZ's status as a National Economic and Technological Development Zone, with relatively fast economic growth and sound fiscal stability, though this capacity is constrained by its small economic scale and fiscal revenue.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) status as the most important infrastructure construction entity in Mianyang ETDZ; (2) high sustainability of public-policy business sectors; and (3) good track record of receiving government payments. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) moderate debt management with rapid debt growth; and (3) weak asset liquidity.

Corporate Profile

Founded in 2017, formerly known as Mianyang Jingkai Construction Equipment Leasing Co., Ltd., after the consolidation of various local state-owned enterprises, XIDG became the most important infrastructure construction entity in Mianyang ETDZ. It is primarily engaged in infrastructure construction, resettlement housing construction, and land consolidation within the zone. The Company also undertakes other activities, such as self-operating projects, commodity sales, asset leasing, and asset operation and maintenance. As of 31 December 2025, the Company was wholly owned and controlled by the Mianyang Economic and Technological Development Zone Management Committee.

Rating Rationale

Credit Strengths

Most important infrastructure construction entity in Mianyang ETDZ. After consolidating Mianyang Jingkai Investment Holding Group Co., Ltd. and receiving government capital injection and asset transfer, the Company became the most important infrastructure construction entity in Mianyang ETDZ. The Company has strong regional franchise advantages in various public-related activities in Mianyang ETDZ. Considering the Company's strategic position in Mianyang ETDZ, we believe that the replacement cost for the Company's role is high, as these public services are essential for residents and regional development.

High sustainability of public-policy business sectors. The Company is responsible for the infrastructure construction, land development and consolidation, and resettlement housing construction in Mianyang ETDZ. As of 31 March 2026, the Company has a highly sustainable business with abundant projects under construction or in the pipeline.

Good track record of receiving government payments. XIDG has a strong track record of receiving government support, including capital injections, asset transfers, financial subsidies, and project repayments. The continuous support from the local government has enhanced its capital strength. Given the Company's important strategic role and its contribution to regional economic development, we believe XIDG will continue to receive support from the government.

Credit Challenges

Medium exposure to commercial activities. XIDG is engaged in commercial activities such as self-operating projects, commodity sales, asset leasing, and asset operation and maintenance. We consider XIDG's commercial business exposure to be medium, as its market-driven businesses account for around 20% of its total assets, though significant capital expenditure pressure from self-operating projects remains a challenge.

Moderate debt management with rapid debt growth. XIDG has moderate debt management, characterized by rapid debt growth, increasing debt leverage, and a modest debt structure. The Company's total debt has been increasing due to substantial capital demands for its construction projects. Moreover, the Company's debt structure remains modest, with a high proportion of short-term obligations. We expect the Company's debt to continue growing rapidly over the next 12 to 18 months, given its large number of construction projects in the pipeline.

Weak asset liquidity. The Company's asset liquidity is weak, driven by a high proportion of low-liquidity assets in its total asset base. The low asset liquidity may undermine the Company's financing flexibility, though investment properties can generate stable leasing income. In addition, as of 31 December 2025, the amount of restricted assets was RMB3.6 billion, accounting for 10.9% of total assets, which were mainly pledged as bank collateral.

Rating Outlook

The stable outlook on XIDG's rating reflects our expectation that Mianyang ETDZ Government's capacity to provide support will remain stable, and the Company will maintain its important strategic role in infrastructure construction in Mianyang ETDZ over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Mianyang ETDZ Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as material reduction in commercial business exposure, or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Mianyang ETDZ Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as a material decrease in government payments, or deteriorated debt management.

Rating Methodology

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

The methodology used in guarantee companies' assessment is the Rating Methodology for Financial Guarantors (January 2022)

Regulatory Disclosures

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

Jonathan Kwong
Senior Credit Analyst
+852-2860 7133

jonathan_kwong@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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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