

Credit Opinion

25 July 2025

Ratings	
Senior Unsecured Debt Rating	A _g -
Long-Term Credit Rating	A _g -
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Chengdu Xingjin Construction Investment Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Chengdu Xingjin Construction Investment Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Chengdu Xingjin Construction Investment Group Co., Ltd. ("XCIG" or the "Company") reflects Jinjiang District Government's very strong capacity to provide support, and its extremely high willingness to support the Company based on our assessment of the Company's characteristics.

Our assessment of Jinjiang District Government's capacity to provide support reflects that Jinjiang District is one of the five core districts of Chengdu City, with stable economic growth and good fiscal strengths.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) regional franchising of public projects within the Third Ring Road of Jinjiang District; (2) high sustainability of the public projects; (3) good access to various funding channels; and (4) track record of receiving government payments.

However, the rating is constrained by the Company's (1) moderate exposure to commercial activities; (2) high debt leverage; and (3) weak asset liquidity.

The stable outlook on XCIG's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its dominant position in the infrastructure construction in Jinjiang District.

Rating Drivers

- Regional franchising of public projects within the Third Ring Road of Jinjiang District
- High sustainability of public projects
- Track record of receiving government payments
- Moderate exposure to commercial activities
- High debt leverage driven by rapid debt growth
- Weak asset liquidity
- Good access to various funding channels

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in company's characteristics enhance the local government's willingness to provide support, such as improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in company characteristics decrease the local government's willingness to provide support, such as higher commercial business risk and reduced government payments.

Key Indicators

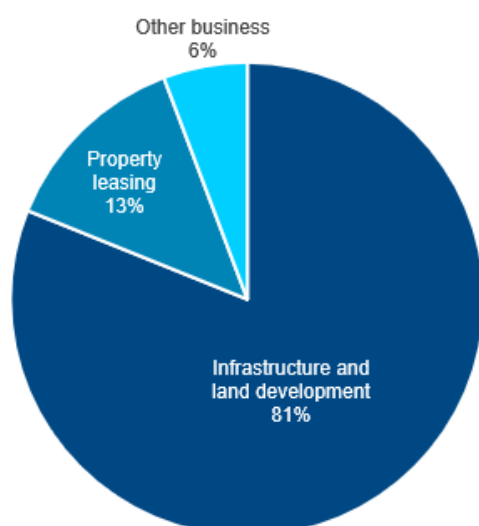
	2022FY	2023FY	2024FY
Total Asset (RMB billion)	75.6	83.7	89.5
Total Equity (RMB billion)	31.3	31.5	31.7
Total Revenue (RMB billion)	2.7	2.3	2.2
Total Debt/Total Capital (%)	56.9	58.8	59.8

All ratios and figures are calculated using CCXAP's adjustments.

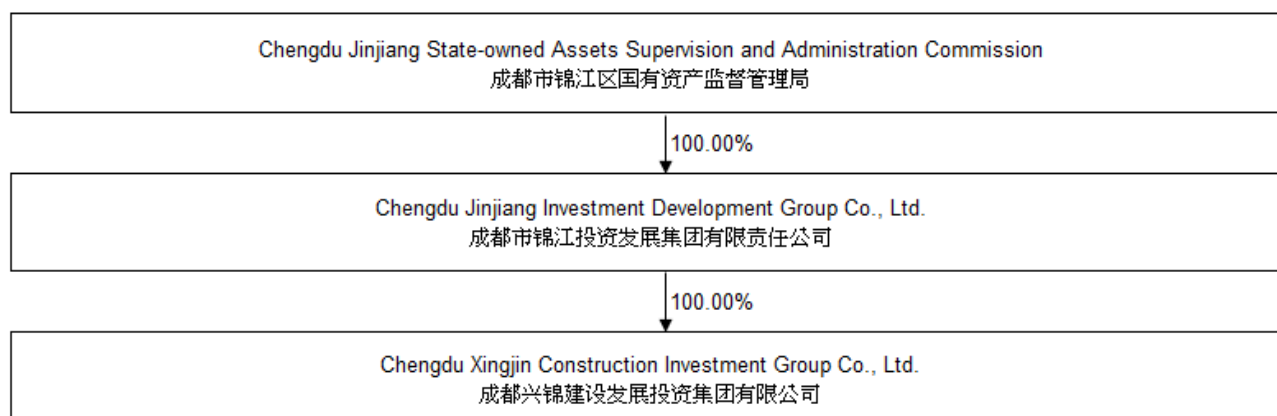
Source: Company data, CCXAP research

Corporate Profile

Founded in 2015, formerly known as Chengdu Hengrongjin Investment Co., Ltd., XCIG is one of the major Infrastructure construction and asset operation entities in Jinjiang District. The Company is primarily responsible for infrastructure construction and urban renewal in Jinjiang District. Apart from public projects, the Company also derives revenue from commercial businesses such as property sales, shantytown renovation, regional comprehensive development, property leasing, and capital lending. As of 31 March 2025, XCIG was wholly owned by Chengdu Jinjiang Investment Development Group Co., Ltd. ("JJID"), and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Chengdu City Jinjiang District ("Jinjiang SASAC").

Exhibit 1. Revenue Structure in 2024

Source: Company information, CCXAP research

Exhibit 2. Shareholding and organization chart as of 31 December 2024

Source: Company information, CCXAP research

Rating Considerations**Government's Capacity to Provide Support**

We believe that the Jinjiang District Government has a strong capacity to provide support for the Company, given that it is one of the five core districts of Chengdu City, with stable economic growth and good fiscal strengths.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2024, Sichuan recorded a gross regional product ("GRP") of RMB6.5 trillion, with a GRP growth rate of 5.7% year-on-year ("YoY"). Its general budgetary revenue increased to RMB563.5 billion, up by 1.9% YoY. In 2025Q1, Sichuan achieved a GRP of RMB1.5 trillion, a YoY increase of 5.5%.

Chengdu City is a sub-provincial city that serves as the capital city of Sichuan Province. Chengdu City is also an important economic and financial center, as well as a transportation and communication hub in Southwest China, with a solid economic foundation. Its economy is characterized by industries such as electronic information product manufacturing, machinery, automotive, metallurgy, building materials, and light industry. In 2024, Chengdu achieved a GRP of RMB2.4 trillion, a YoY increase of 5.7%. The Chengdu Municipal

Government's general budgetary revenue amounted to RMB195.0 billion in 2024, a YoY increase of 1.1%. However, the increase in general budgetary revenue was due to an increase in non-tax revenue, which is considered to be less sustainable. In 2024, the tax revenue of Chengdu City declined to RMB137.4 billion from RMB145.0 billion in 2023. In 2024, its fiscal balance ratio was 74.7%, which was at a moderate level. In 2024, Chengdu's outstanding government debt increased to RMB620.7 billion, with an increasing trend, accounting for 26.4% of its GRP. In 2025Q1, Chengdu achieved a GRP of RMB593.0 billion, a YoY increase of 6.0%.

Exhibit 3. Key Economic and Fiscal Indicators of Chengdu City

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,081.8	2,207.5	2,351.1
GRP Growth (%)	2.8	6.0	5.7
General Budgetary Revenue (RMB billion)	172.2	192.9	195.0
General Budgetary Expenditure (RMB billion)	243.5	258.7	261.0
Local Government Debt (RMB billion)	464.1	522.9	620.7

Source: Statistic Bureau of Chengdu City, CCXAP research

Jinjiang District is one of the five core districts of Chengdu City, and it is a traditional business and trade center area, as well as the political, economic, and cultural center of Chengdu City. Jinjiang District is driving regional development through the establishment of a "1+1+3" industrial system, including the new economy, headquarters economy, commercial business, financial services, and cultural creativity. Relying on the pillar industries of modern business and trade, emerging finance, and digital media, Jinjiang District's GRP increased from RMB144.6 billion in 2023 to RMB154.5 billion in 2024, a YoY increase of 5.8%. Jinjiang District's general budgetary revenue decreased from RMB10.1 billion in 2023 to RMB9.6 billion in 2024, mainly due to the drop of tax revenue during economic fluctuation and the real estate downturn. In 2024, Jinjiang District ranked 5th in terms of both GDP and general budgetary revenue among 20 districts/counties of Chengdu City. It maintains high fiscal stability, in which tax revenue accounted for 85.8% in 2024. Jinjiang also has good fiscal self-sufficiency, with a fiscal balance ratio of 134.1% in 2024. Jinjiang District's outstanding government debt increased relatively fast but remained at a low level, with outstanding government debt amounting to RMB6.9 billion, accounting for 4.5% of its GRP in 2024.

Exhibit 4. Key Economic and Fiscal Indicators of Jinjiang District

	2022FY	2023FY	2024FY
GRP (RMB billion)	130.4	144.6	154.5
GRP Growth (%)	2.8	6.0	5.8
General Budgetary Revenue (RMB billion)	9.4	10.1	9.6
General Budgetary Expenditure (RMB billion)	7.1	7.5	7.2
Local Government Debt (RMB billion)	4.1	4.5	6.9

Source: Statistic Bureau of Jinjiang District, CCXAP research

Government's Willingness to Provide Support

Regional franchising of public projects within the Third Ring Road of Jinjiang District

JJID is the most important modern city-integrated operator in Jinjiang District and the sole urban developer directly owned by the Jinjiang SASAC, which plays an essential role in urban development and public-related activities in Jinjiang District. The Company is the largest subsidiary of JJID by total assets, and it has a strong regional franchise within the Third Ring Road of Jinjiang District. Since January 2025, the Jinjiang District

Government has designated XCIG to report directly to the Jinjiang SASAC as part of a new round of local state-owned enterprise reforms.

The Company is responsible for infrastructure construction, urban renewal, and other public activities within the Third Ring Road of Jinjiang District. Considering the Company's high strategic significance to the development of Jinjiang District, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

High sustainability of public projects

XCIG demonstrates high sustainability in public projects, with RMB33.6 billion estimated total investment in infrastructure and shantytown developments, though prolonged cycles and funding reliance have exerted large capital expenditure pressure on the Company.

XCIG is responsible for the infrastructure construction projects within the Third Ring Road of Jinjiang District. The Company has successfully delivered a series of large-scale infrastructure projects, public welfare facilities over the past few years, such as schools, parks, and roads. The Company conducts infrastructure construction projects under the agency construction model. As of 31 December 2024, the Company had several infrastructure construction projects under construction or planning, with a total estimated investment amount of RMB17.6 billion. We expect that the considerable projects in the pipelines can ensure the sustainability of the public policy business, but the overall project settlement cycle is generally long, and the repayment progress shall be closely monitored. Meanwhile, most of the funds need to be raised by the Company itself, which exerts large capital expenditure pressure on the Company.

In addition, the Company is also responsible for the shantytown redevelopment in Jinjiang District. As of 31 December 2024, the Company had several shantytown redevelopment projects under construction or planning, with a total estimated investment amount of RMB16.0 billion and an outstanding amount of RMB10.7 billion. However, since shantytown redevelopment projects are subject to the government development plan, there is uncertainty regarding the sustainability of the shantytown redevelopment projects.

Moderate exposure to commercial activities

In addition to public activities, XCIG is also involved in various commercial activities such as property sales, urban renewal, property leasing, and capital lending. We consider XCIG's commercial business exposure to be medium as the proportion of commercial business assets accounts for around 20% of its total assets.

XCIG is engaged in property development through the self-operated model, including the construction of resettlement housing, office buildings, residential properties, and commercial shops. Among them, part of the Company's resettlement housing will be sold to the demolished households involved in land acquisition and demolition. As of 31 December 2024, the Company had several major property development projects under construction, with a total estimated investment amount of RMB19.2 billion and an outstanding amount of RMB4.7 billion. We expect that the repayment period of the property development project will be relatively long, and the debts formed by the property development may bring certain debt repayment pressure to the Company.

The Company also engages in urban renewal projects in Jinjiang District with self-raised funds and government funds. The Company may construct commercial complexes after completing the urban renewal, generating revenue through property leasing or sales. As of 31 December 2024, the Company had a total estimated investment amount of RMB1.3 billion and an outstanding amount of RMB968.3 million for urban renewal projects. However, urban renewal projects are subject to the government development plan; hence, there is uncertainty

regarding the sustainability of the urban renewal projects.

XCIG possesses a large amount of high-quality state-owned properties, located in the central area of Chengdu City with high commercial value. These properties are obtained via purchases, self-construction, government allocation, and property rights exchanges. As of 31 December 2024, the Company had a total leasing area of 489.5 thousand square meters, providing stable rental income to the Company. Revenue from the property leasing segment was recorded at RMB285.4 million, accounting for 13.2% of the total revenue in 2024. A substantial part of the operating revenue under this segment was generated by Lan Kwai Fong Chengdu, which is subject to a wholesale lease, with a rental period from October 2009 to 2034. In addition, the property leasing business had a high profit margin of 45.0% in 2024.

The Company also provides capital lending to the holding companies or project companies it established or holds, mainly for property development and project construction, and receives interest as a return. In 2024, the Company recorded RMB154.2 million revenue from the lending business, accounting for 7.1% of the total revenue. Overall, capital risk is regarded as controllable.

Track record of receiving government payments

XCIG has a track record of receiving payments from the Jinjiang District Government. These payments take various forms, such as government subsidies and capital injections. In 2024, the Company received government subsidies of RMB131.1 million. The Company also received the equity interests of two state-owned companies, with a value of RMB8.5 million, from the local government in 2024. In addition, the Company has received regular project payments from the government for its public business. In 2024, the Company received project payments of RMB1.8 billion. XCIG's important strategic role, the government's ownership, and tight control over XCIG reinforce our expectations that extraordinary government support would be extended if needed.

High debt leverage driven by rapid debt growth

With ongoing financing for its construction projects in recent years, XCIG has a high debt leverage. The Company's total debt had increased from RMB45.0 billion at end-2023 to RMB47.2 billion at end-2024, with its total capitalization increasing from 58.8% to 59.8% during the same period, maintained at a relatively high level. Nevertheless, the Company had a relatively good debt structure with manageable short-term debt repayment pressure. The short-term debt accounted for around 16.3% (2023: 20.6%) of its total debt as of 31 March 2024. Given the Company's relatively large capital expenditure pressure from both public projects and commercial activities, we expect the Company will maintain a high debt leverage for the next 12-18 months.

Meanwhile, as of 31 December 2024, the Company provided an external guarantee of RMB3.0 billion, representing 9.5% of its net assets. As most of the external guarantee was provided to local state-owned enterprises, we believe the contingent risk is manageable. If credit events occur, we believe the government is likely to provide necessary support.

Weak asset liquidity

XCIG has weak asset liquidity. The Company's total asset mainly consists of receivables, inventories, and investment property, which accounted for 86.7% of its total assets as of 31 December 2024. Receivables were mainly unreceived payments from local government institutions and other state-owned enterprises. The collection progress of these receivables shall be closely monitored. Inventories mainly include the investment costs of its construction projects. Both receivables and inventories are considered to have low liquidity. Additionally, investment property further increased by 28.7% YoY in 2024, accounting for 7.0% of total assets,

providing supplementary income to the Company. Meanwhile, the restricted asset of the Company was RMB8.4 billion, representing 26.3% of its net asset as of 31 December 2024.

Good access to various funding channels

XCIG has good access to funding from banks and capital markets, with bank loans and bond financing accounting for 86.3% and 9.2% of the total debt, respectively, as of 31 December 2024. It has good banking relationships with both commercial banks and policy banks. As of 31 December 2024, it had obtained total credit facilities of RMB89.3 billion, with available credit facilities of RMB41.7 billion. The Company's financing cost of bank loans was around 4.5%. The Company has also obtained funding from the bond market. From January 2024 to June 2025, it raised RMB3.9 billion and EUR268.0 million from the offshore bond market, with coupon rates ranging from 3.7% to 4.2%. In addition, the Company has very low reliance on non-standard financing, which accounted for 4.0% of the total debt as of 31 December 2024.

ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the national governmental authorities. XCIG assumes environmental risks for its infrastructure construction projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

XCIG is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Jinjiang District. Demographic changes, public awareness and social priorities shape the government's development strategy, and it will affect the government's propensity to support the Company.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its public-policy role and status as a government-owned entity. XCIG believes that it complies in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates.

Structural Consideration

XCIG's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its dominant position in the infrastructure construction in Jinjiang District, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

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

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