

## Credit Opinion

26 September 2025

| Ratings                 |                    |
|-------------------------|--------------------|
| Category                | Corporate          |
| Domicile                | China              |
| Rating Type             | Solicited Rating   |
| Long-Term Credit Rating | BBB <sub>g</sub> + |
| Outlook                 | Stable             |

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## Chengdu Xindu Investment Group Co., Ltd.

### Initial credit rating report

**CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>+** to Chengdu Xindu Investment Group Co., Ltd., with stable outlook.

### Summary

The BBB<sub>g</sub>+

 long-term credit rating of Chengdu Xindu Investment Group Co., Ltd. (“Xindu Investment” or the “Company”) reflects Xindu District Government’s (1) strong capacity to provide support, and (2) extremely high willingness to support the Company based on our assessment of the Company’s characteristics.

Our assessment of Xindu District Government’s capacity to provide support reflects Xindu District’s stable economic growth and good fiscal strengths, with a good industrial structure.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) important role as a modern city-integrated operator in Xindu District, covering cultural tourism development, smart city solutions, talent supply chain development, and environmental infrastructure construction; (2) reasonable debt leverage; and (3) track record of receiving government support in asset and equity transfer etc.

However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) certain short-term debt repayment pressure; and (3) weak asset liquidity.

The stable outlook on Xindu Investment’s rating reflects our expectation that the local government’s capacity to support the Company will remain stable, and the Company will maintain its position as a modern city-integrated operator in Xindu District for the next 12 to 18 months.

## Rating Drivers

- Important role as a modern city-integrated operator in Xindu District
- Track record of receiving government support
- Medium exposure to commercial activities
- Reasonable debt leverage with short-term debt repayment pressure
- Weak asset liquidity
- Fair access to the funding channel

## 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 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

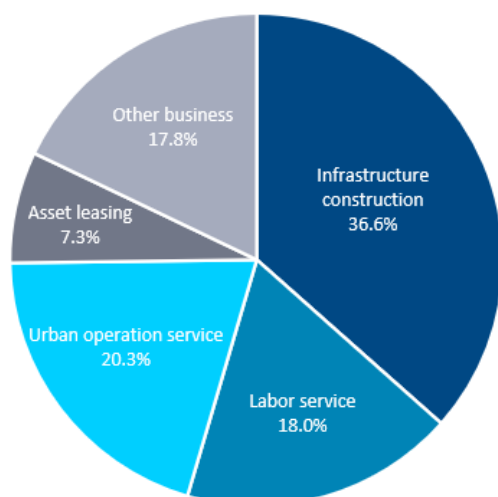
|                              | 2022FY | 2023FY | 2024FY | 2025H1 |
|------------------------------|--------|--------|--------|--------|
| Total Asset (RMB billion)    | 17.5   | 21.2   | 24.0   | 36.9   |
| Total Equity (RMB billion)   | 4.2    | 6.9    | 10.7   | 20.4   |
| Total Revenue (RMB billion)  | 1.1    | 0.8    | 1.2    | 2.6    |
| Total Debt/Total Capital (%) | 46.7   | 37.1   | 30.4   | 27.9   |

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

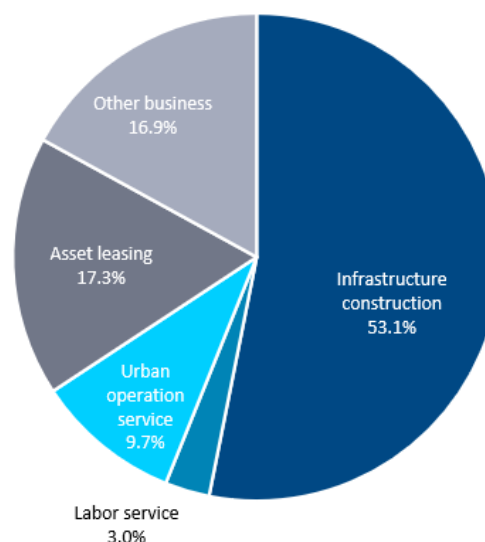
Source: Company information, CCXAP research

## Corporate Profile

Xindu Investment was formed through the consolidation and transfer of district-owned state assets in 2023, with a clear position of "New-Era City Operator" in Xindu District. The Company is primarily responsible for infrastructure construction and urban operation service in Xindu District. Apart from public projects and services, the Company also derives revenue from commercial businesses, such as rural revitalization, tourism business, and asset leasing. As of 30 June 2025, Xindu Investment was wholly owned and controlled by the State-owned Assets Supervision and Administration Commission and Finance Bureau of Chengdu City Xindu District ("Xindu SASAC").

**Exhibit 1. Revenue Structure in 2024**

Source: Company information, CCXAP research

**Exhibit 2. Gross Profit Structure in 2024**

## Rating Considerations

### Government's Capacity to Provide Support

We believe that the Xindu District Government has a strong capacity to provide support for the Company, considering its stable economic growth and good fiscal strengths with a good industrial structure.

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 2025H1, Sichuan achieved a GRP of RMB3.2 trillion, a YoY increase of 5.6%.

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 the 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 2025H1, Chengdu achieved a GRP of RMB1.2 trillion, a YoY increase of 5.8%.

**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

Located in the Northern area of Chengdu City with a total area of 496 square kilometers, Xindu District is a key area of Chengdu's "Northern Region Transformation" plan. In recent years, in addition to supporting traditional industries, Xindu District has actively developed three major industrial functional zones: modern transportation, smart home furnishings, and intelligent logistics. Relying on the pillar industries of rail transit, aviation, and modern logistics, Xindu District's GRP increased from RMB103.3 billion in 2022 to RMB113.0 billion in 2024. Xindu District's general budgetary revenue increased slightly from RMB6.4 billion in 2022 to RMB7.0 billion in 2024. It has moderate fiscal stability, with tax revenue accounting for 73.5% in 2024. In recent years, affected by the land market conditions, the government fund revenue of Xindu District has shown a downward trend. Xindu District also has moderate fiscal self-sufficiency, with an average fiscal balance ratio of 72.0% from 2022 to 2024. Xindu District's outstanding government debt increased relatively fast but remained at a moderate level, with outstanding government debt amounting to RMB17.9 billion, accounting for 15.9% of its GRP in 2024. In 2025H1, Xindu District achieved a GRP of RMB58.2 billion, a YoY increase of 6.0%.

#### Exhibit 4. Key Economic and Fiscal Indicators of Xindu District

|   | 2022FY | 2023FY | 2024FY |
|---|--------|--------|--------|
| GRP (RMB billion)                           | 103.3  | 108.6  | 113.0  |
| GRP Growth (%)                              | 2.1    | 6.0    | 5.7    |
| General Budgetary Revenue (RMB billion)     | 6.4    | 7.1    | 7.0    |
| General Budgetary Expenditure (RMB billion) | 9.3    | 9.5    | 9.6    |
| Local Government Debt (RMB billion)         | 11.7   | 14.7   | 17.9   |

Source: Statistic Bureau of Xindu District, CCXAP research

#### Government's Willingness to Provide Support

##### Important role as a modern city-integrated operator in Xindu District

The Company is one of the only two Local Infrastructure Investment and Financing Companies ("LIIFCs") wholly and directly owned by the Xindu SASAC. The other one is Chengdu Xiangcheng Investment Group Co., Ltd., which is mainly responsible for the infrastructure construction and land consolidation in Xindu District. Xindu Investment has an important role as a modern city-integrated operator, primarily undertaking the investment and development of cultural and tourism projects, the operation and maintenance of smart city initiatives, talent market services for skilled professionals, urban infrastructure construction, and environmental maintenance. Considering the Company's high strategic significance to the development of Xindu District, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

Xindu Investment undertakes infrastructure construction projects under the agency construction model. The Company bears the construction cost, and the government will pay the Company an amount equal to the construction cost and 10% of the overall financing cost of the project after transferring the completed project. It is responsible for the water infrastructure construction projects and resettlement house construction in Xindu District. It has also successfully delivered a series of resettlement houses over the past few years with a total investment amount of RMB1.5 billion. As of 30 June 2025, the Company had several agency construction projects under construction or planning, with a total estimated investment amount of RMB4.7 billion and an outstanding amount of RMB2.5 billion, exerting certain capital expenditure pressure on the Company. However, the revenue and payment collection progress of the agency construction projects is affected by the government's settlement procedures. The Company has few agency construction projects on the pipeline. As completed projects are gradually settled, the agency construction business is expected to gradually shrink, and the sustainability of this business segment requires ongoing monitoring.

Xindu Investment also engages in the urban operation service business. In 2024, the Company possessed a 30-year franchise to operate the stormwater and sewage pipeline network and its ancillary facilities in Xindu District and earned facility operation fees. The Company has also signed a 20-year leasing agreement with the local government to manage the drainage facilities in the district. The local government pays the Company the maintenance fee plus a 10% premium. The long-term contracts signed with the local government indicate high sustainability of the business. As of 30 June 2025, the Company operated approximately 1,890 kilometers of municipal stormwater and sewage pipeline networks, 140 sewage treatment plants, 93 stormwater and sewage lifting pump stations, 49 constructed wetlands, 26 purification tanks, 9 online monitoring systems for sewage treatment plants, and 1 integrated temporary sewage treatment facility in Xindu District.

### **Medium exposure to commercial activities**

In addition to public activities, Xindu Investment is also involved in various commercial activities, such as self-operated project construction, tourism business, and asset leasing business. We consider Xindu Investment's commercial business exposure to be medium, as the proportion of commercial business assets accounted for around 20% of its total assets.

Xindu Investment has several self-operated projects under construction, including sewage treatment projects and technology industrial parks. The Company mainly achieves a balance between revenue and expense through obtaining operating income from these projects. As of 30 June 2025, the Company had several self-operated projects under construction or planning, with a planned total investment amount of RMB2.7 billion and an outstanding amount of RMB2.2 billion, bringing certain capital expenditure pressure. The capital balance will also be largely affected by the subsequent operations of these projects.

Authorized by the Xindu District Government, the Company is responsible for the comprehensive development and operation of the Eastern Industrial Zone within the Xindu Modern Transportation Industrial Functional Area. However, relevant projects are still in the preliminary preparation stage, and the subsequent plan and progress shall be closely monitored. As of 30 June 2025, the Company had 2 comprehensive development and operation projects under construction or under planning, with an estimated total investment of RMB975.0 million and an outstanding amount of RMB878.5 million. Upon completion, all projects will be independently operated by the Company, with operating revenue primarily derived from leasing and sales income, parking space revenue, advertising space rental income, charging pile service fees, and property management service income.

Xindu Investment also engages in the tourism business, which is mainly conducted through the park management rights granted by the local government in 2023. As of 30 June 2025, the Company had the management rights of 5 sports parks with an estimated value of RMB1.3 billion. The Company plans to build commercial facilities and parking lots for those parks, with a total estimated investment amount of RMB293.0 million. The fund will be balanced by venue revenue, ticket revenue, and ancillary facilities fees. Going forward, the Company's cultural tourism development plan will focus on the following key areas: strengthening the "3X-in" Coffee brand, establishing "3X-in" community canteens, developing cultural creative products, and building Xindu District's local cultural IP, as well as collaborating with the government to organize and host large-scale district-level events.

The Company's rural revitalization operations encompass rural infrastructure development, resource management, and agro-tourism integration. Future initiatives are positioned to include the implementation of district-level agricultural industrial parks, high-standard farmland construction, beautiful countryside development, collective construction land transfer transactions, and rural asset management. The Company intends to cultivate agro-tourism brands that synergize agricultural production with cultural elements. As of 30

June 2025, the Company has 2 agricultural industrial parks under planning, with a planned total investment amount of RMB490.7 million

Moreover, Xindu Investment possesses various properties for leasing, including public service centers and cultural centers. It has also signed long-term medical facilities leasing agreements with local hospitals and community health centers, with a tenor of 5-20 years. As of 30 June 2025, the Company's assets for leasing were fully occupied. Nevertheless, the leasing business scale is relatively small, which generated RMB86.2 million of revenue in 2024. The Company plans to acquire more assets, and we expect the leasing revenue and profit to increase in the future.

### **Track record of receiving government support**

Xindu Investment has a track record of receiving support from the Xindu District Government. The Company has received government subsidies, assets, and equity transfer since its foundation. From 2022 to 2024, the Company received government subsidies of RMB2.1 million. It also received shares of state-owned enterprises from the government, which amounted to RMB108.4 million. In addition, the government transferred the assets valued at RMB16.3 billion to the Company, including rainwater and sewage pipe networks, sewage pumps, drainage pipe networks, the operating rights for sports parks, and lands. Considering Xindu Investment's important strategic role and the government's ownership in the Company, we expect that extraordinary government support would be extended if needed.

### **Reasonable debt leverage, but with certain short-term debt repayment pressure**

Although Xindu Investment's total debt had increased rapidly from RMB3.7 billion at end-2022 to RMB7.9 billion at mid-2025 due to ongoing financing for its construction projects in recent years, its total capitalization decreased from 46.7% to 27.9% during the same period, thanks to the increasing equity due to the government asset transfers. The Company faces certain short-term debt repayment pressure, with the short-term debt accounting for 42.5% of its total debt and cash-to-short-term debt ratio of 0.6x as of 30 June 2025. Given the Company's relatively large capital expenditure pressure from both public projects and commercial activities, we expect the Company's debt leverage to increase but remain at a reasonable level with government support for the next 12-18 months.

As of 30 June 2025, the Company had low contingency liability risk. It provided an external guarantee of RMB312.5 million, representing 0.8% of its net assets. As the external guarantee was provided to a local state-owned enterprise, we believe the contingent risk is manageable.

### **Weak asset liquidity**

Xindu Investment has weak asset liquidity. The Company's total asset mainly consists of receivables, inventories, and intangible assets, which accounted for 78.3% of its total assets as of 30 June 2025. Receivables are mainly unreceived payments from local government institutions and other state-owned enterprises, with relatively slow collection progress. Inventories mainly include the investment costs of its construction projects. Intangible assets are mainly operating rights of state-owned assets. The Company's receivables, inventories, and intangible assets are considered to have low liquidity. The restricted asset of the Company was only RMB254.1 million, representing 0.7% of its net assets as of 30 June 2025.

### **Fair access to the funding channel**

Xindu Investment mainly relies on bank borrowings for external funding, with bank loans accounting for 92.0%

of the total debt as of 30 June 2025. It has good banking relationships with both commercial banks and policy banks. As of 30 June 2025, it had total credit facilities of RMB17.1 billion and available credit facilities of RMB9.6 billion, indicating a sufficient liquidity buffer. The Company's financing cost of bank loans was around 4.8%. In addition, the Company has low reliance on non-standard financing, which accounted for 8.0% of the total debt with an average interest rate of 5.8% as of 30 June 2025. The Company has not issued any bonds in the debt capital market, and the overall funding cost was around 4.8% as of 30 June 2025.

## 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. Xindu Investment assumes environmental risks for its 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.

Xindu Investment is also exposed to social risks as it implements public-policy initiatives in conducting water infrastructure construction and providing urban operation service in Xindu District. Demographic changes, public awareness, and social priorities shape the government's development strategy, and they 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. Xindu Investment believes that it complies in all material respects with the applicable governmental regulations, rules, and executive orders in each jurisdiction in which it operates.

## 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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