

Credit Opinion

10 November 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g
Outlook	Stable

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Chengdu Xinjin City Industry Development Group Company Ltd.

Surveillance credit rating report

CCXAP upgrades Chengdu Xinjin City Industry Development Group Company Ltd.'s long-term credit rating to BBB_g, with stable outlook.

Summary

CCXAP has upgraded the long-term credit rating of Chengdu Xinjin City Industry Development Group Company Ltd. ("XCID" or the "Company") to BBB_g from BBB_g-, with stable outlook. The rating upgrade is based on the Company's important position as the largest entity of infrastructure construction in Xinjin District. The Company also demonstrates improving access to funding, reflected by its increasing credit facilities received from large banks and reducing reliance on non-standard financing.

The BBB_g long-term credit rating of XCID reflects Chengdu Xinjin District Government's strong capacity and very high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of Xinjin District Government's capacity to provide support reflects Xinjin District's status as one of the most advanced districts in rural revitalization strategy in Sichuan Province, with ongoing economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important strategic position in the development of Xinjin District; (2) solid track record of receiving government support; and (3) high sustainability for infrastructure projects.

However, the rating is constrained by the Company's (1) increasing exposure to commercial activities; (2) high debt growth with short-term debt maturity pressure; and (3) weak asset liquidity.

The stable outlook on XCID's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role as the key investment and operating entity in Xinjin District over the next 12-18 months.

Rating Drivers

- Important strategic position in the development of Xinjin District
- High sustainability for infrastructure projects
- Solid track record of receiving government support
- High debt growth and weak asset liquidity
- Medium exposure to commercial activities
- Weak asset liquidity
- Improving access to funding especially from large banks

Rating Sensitivities

What could upgrade the rating?

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

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) changes in company characteristics weaken the local government's willingness to support, such as reducing strategic significance or increasing exposure to commercial activities.

Key Indicators

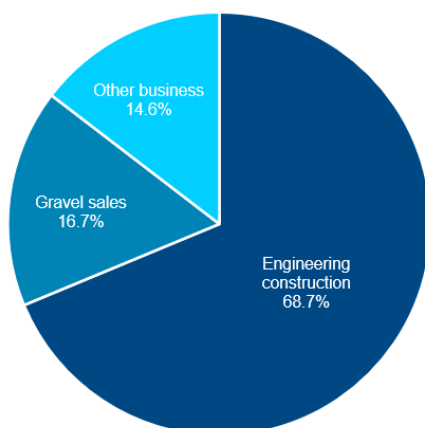
	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	70.0	78.4	85.2	88.8
Total Equity (RMB billion)	38.7	39.1	39.5	39.5
Total Revenue (RMB billion)	1.9	2.1	2.6	0.4
Total Debt/Total Capital (%)	35.6	42.1	44.8	45.9

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

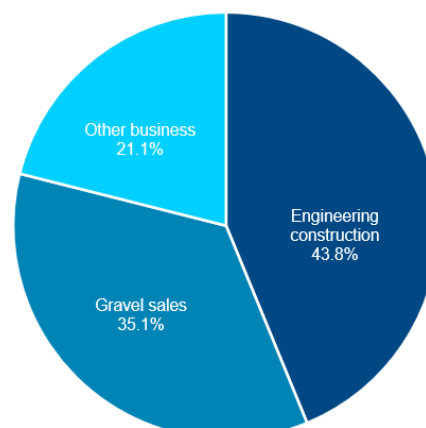
Source: Company data, CCXAP research

Corporate Profile

Founded in 2005, XCID was the largest state-owned infrastructure construction and assets operation entity in Xinjin District as of 31 March 2025. XCID is primarily responsible for infrastructure construction, public transport operation, construction of resettlement housing, construction of industrial parks and other self-operating projects. Apart from its main business, the Company is also engaged in other commercial businesses, such as gravel sales, parking lot operation, and construction quality testing. As of 31 March 2025, the Company was directly and wholly owned by the Chengdu Xinjin District State-owned Assets Supervision and Administration Bureau ("Xinjin District SASAB").

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 Xinjin District Government has a strong capacity to provide support for the Company, given its status as one of the most advanced districts in rural revitalization strategy in Sichuan Province, with ongoing economic growth.

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

Xinjin District is located in the south of Chengdu City, with a total area of 330 square kilometers. It was approved by the State Council as a district in 2020. Relying on its advantageous geographic location, being only 18 kilometers away from Chengdu Shuangliu International Airport and 28 kilometers away from Tianfu New District, Xinjin District is famous for its convenient transportation system. Xinjin's pillar industries, including food processing, railway, and new materials, form its industrial base. As a new development district in Chengdu, Xinjin District had moderate economic and fiscal strength. The GRP of Xinjin District increased from RMB50.3 billion in 2023 to RMB53.5 billion in 2024, with a YoY increase of 5.9%. Xinjin District Government's general budgetary revenue increased from RMB3.7 billion in 2023 to RMB4.0 billion in 2024. Its tax revenue was RMB2.0 billion, accounting for 51.1% of its general budgetary revenue, indicating moderate fiscal stability. In addition, Xinjin District Government's debt has increased from RMB9.0 billion in 2023 to RMB12.4 billion in 2024, with the government debt to GRP ratio of 23.1% as of 31 December 2024. In 2025H1, Xinjin District achieved a GRP of RMB26.9 billion, a YoY increase of 6.9%.

Exhibit 4. Key Economic and Fiscal Indicators of Xinjin District

	2022FY	2023FY	2024FY
GRP (RMB billion)	46.9	50.3	53.5
GRP Growth (%)	4.4	7.1	5.9
General Budgetary Revenue (RMB billion)	3.4	3.7	4.0
General Budgetary Expenditure (RMB billion)	5.8	5.9	6.2
Local Government Debt (RMB billion)	8.7	9.0	12.4

Source: Statistics Bureau of Xinjin District, CCXAP research

Under the government's new planning layout, Xinjin District will develop four new major industries, namely, intelligent manufacturing, digital economy, agriculture, and tourism. Four corresponding development parks will be built, including Tianfu Intelligent Manufacturing Industrial Park, Digital Economy Industrial Park, Tianfu Agricultural Expo Park, and Lihuaxi Cultural Tourism Zone. It presents opportunities for local state-owned capital investment and asset operation entities to expand their businesses, thereby becoming more sustainable and self-sufficient.

Government's Willingness to Provide Support

Important strategic position in the development of Xinjin District

XCID is the largest Local Infrastructure Investment and Financing Company ("LIIFC") in Xinjin District by total assets. The Company has a clear position in the new planning layout of Xinjin District. The Company undertakes local public activities such as the construction of local infrastructure and resettlement housing projects. The Company also has a strong regional franchise right, and it is exclusively commissioned by the government to operate bus services in Xinjin District. In line with the development plan of the Xinjin District Government, XCID is transforming its business focus from infrastructure construction to industrial and urban development. The Company is mainly responsible for the construction of peripheral facilities in the intelligent manufacturing and digital economy industries in Xinjin District. It will oversee the construction of the Tianfu Intelligent Manufacturing Industrial Park and Digital Economy Industrial Park in Xinjin District to attract high-value companies for investment purposes.

As the major infrastructure construction company in the district, XCID has important strategic significance for local economic development and public activities. We believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

High sustainability for engineering construction projects

XCID undertakes a large number of key public policy projects in Xinjin District, which mainly consist of major infrastructure construction, resettlement housing projects. We believe these projects are closely in line with the local development plan. As of 31 March 2025, the Company completed a large number of infrastructure projects with a total investment amount of RMB9.8 billion and received a repayment amount of RMB5.2 billion. The Company has demonstrated strong business sustainability through its sufficient public project reserves. As of 31 March 2025, the Company had 10 main infrastructure construction projects under construction or planning, with an expected investment amount of RMB6.1 billion and an outstanding amount of RMB5.9 billion, which also brings capital expenditure pressure to the Company.

In addition, XCID provides bus services to support local public transportation needs in Xinjin District, but the revenue from this segment has continued to decrease in recent years, given the low ticket prices. Due to the increase in operating costs and the public welfare nature of the public transportation business, the Company continues to suffer losses and highly relies on government subsidies to make up for the operating losses.

Medium exposure to commercial activities

In addition to public welfare activities, XCID is also involved in other commercial activities such as gravel sales, parking, self-operated projects, and construction quality testing businesses. We consider XCID's commercial business exposure to be medium as its market-driven businesses account for around 20% of its total assets. Given the Company's blueprint for developing a market-driven business, we believe the Company will expand the scale of its commercial business in the future.

The Company's gravel sales business is approved by the Bureau of Planning and Natural Resources in Xinjin District, which has been given the right to mine sand in approved areas within Xinjin District. Most of the counterparties are construction companies in Sichuan Province. In 2024, the top 5 customers accounted for 97.3% of the sales, indicating high concentration risk. The Company also conducts construction quality testing services for local construction companies. This business provides construction materials testing, air quality and environment testing, road construction testing, and construction consultation. Although the gross profit margin of this business is high, the small operating scale limits its contribution to the Company's overall income.

In addition, the Company also engages in the construction of self-operating projects (mainly industrial parks development), and it mainly achieves a fiscal balance through obtaining sales and leasing income from these projects. The revenue is significantly influenced by the operational performance of the industrial parks and the investment attraction efforts within the region. As of 31 March 2025, the Company had 13 self-operated projects under construction planning, with a total planned investment of RMB10.2 billion and an outstanding amount of RMB6.9 billion. We consider the initial investments in the construction of the industrial parks to be large, with relatively long construction and payback periods, which will exert certain investment pressure and debt repayment pressure on the Company.

Solid track record of receiving government support

XCID has a proven track record of receiving ongoing government support from Xinjin District Government, including government subsidies, capital injections, and equity transfers. The Company regularly receives repurchase payments for its infrastructure construction and resettlement housing projects. From January 2024 to March 2025, the Company received government subsidies of RMB305.0 million for its public transportation services and other projects. Over the same period, the Company received a cash injection of RMB39.0 million

from the government. In June 2025, the government transferred the equity interests of Xinjin Chenghan Enterprise Management Service Co., Ltd. to the Company, making it a market-oriented industrial subsidiary. Considering the strategic role of XCID, we expect the Company will continue to receive support from Xinjin SASAB in the future.

High debt growth and weak asset liquidity

XCID has had high debt growth due to its debt-driven business expansion over the past few years. The Company's total debt increased from RMB28.6 billion at the end of 2023 to RMB33.6 billion as of 31 March 2025, while its total capitalization ratio increased from 42.1% to 45.9% over the same period. The Company faces certain short-term debt repayment pressure. As of 31 March 2025, although the proportion of short-term debt decreased from 30.6% at the end of 2023 to 20.9%, its unrestricted cash to short-term debt ratio was only 0.2x. Given the Company's large capital expenditure pressure from its construction projects, we expect the Company to maintain high debt growth over the next 12-18 months.

XCID also has weak asset liquidity. As of June 2025, the Company's total assets mainly consisted of inventories, investment properties, and receivables, accounting for 85.7% of its total assets. Inventories are mainly undeveloped land, investment properties are mainly land use rights, and receivables are mainly unreceived payments from the agencies of government or other state-owned companies, all of which are considered low liquidity. As of 31 December 2024, the Company's restricted assets amounted to RMB12.0 billion, accounting for 14.1% of its total assets.

Improving access to funding especially from large banks

The Company has demonstrated an improving access to funding especially from banks side. Bank borrowing is the main external financing channel, accounting for around 72.6% of its total debt as of 31 March 2025. Its available credit facilities also increased from RMB7.3 billion as of 30 September 2024 to RMB11.4 billion as of 30 June 2025. The sufficient credit facility provides good standby liquidity cushion to the Company. Around 15.1% of the Company's debt financing was provided by the debt capital market as of 31 March 2025, including both offshore bonds and onshore bonds. Due to the improving financing access from bank side, the Company has lowered its exposure of high-cost non-standard financing, the proportion of non-standard financing to total debt declined from 13.2% as of 30 September 2024 to 12.3% as of 31 March 2025.

Medium contingent risks arising from the external guarantees

The Company bears contingent liability risks arising from external guarantees. As of 31 December 2024, the Company had outstanding external guarantees of RMB16.6 billion, representing 41.9% of its net assets. All the external guarantee was provided to local state-owned enterprises, with manageable default risks, as they can receive government support to withstand unfavorable market conditions. However, the emergence of regional risks could trigger a chain reaction among all local state-owned enterprises.

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. XCID assumes environmental risks for its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of the projects and close supervision during construction.

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

Governance considerations are also important for XCID as it is subject to oversight and reporting requirements of the local government, reflecting its public policy role and status as a government-owned entity.

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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