

Credit Opinion

10 June 2026

Ratings

Senior Unsecured

Debt Rating A_g+/A_g
(Guaranteed)

Long-Term Credit Rating BBB_g

Outlook Stable

Category Corporate

Domicile China

Rating Type Solicited Rating

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Sichuan Xinyao Industrial Integration Industry Investment & Development Group Co., Ltd.

Surveillance credit rating report

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

Summary

The BBB_g long-term credit rating of Sichuan Xinyao Industrial Integration Industry Investment & Development Group Co., Ltd. (“XIDG” or the “Company”) 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.

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.

Rating Drivers

- The most important infrastructure construction entity in Mianyang ETDZ
- High sustainability of public-policy business sectors
- Medium exposure to commercial activities
- Moderate debt management with rapid debt growth
- Weak asset liquidity
- Diversified funding channels with low reliance on non-standard financing
- Good track record of receiving government payments

Rating Sensitivities

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.

Key Indicators

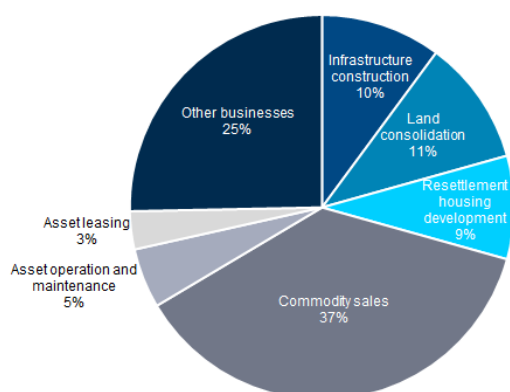
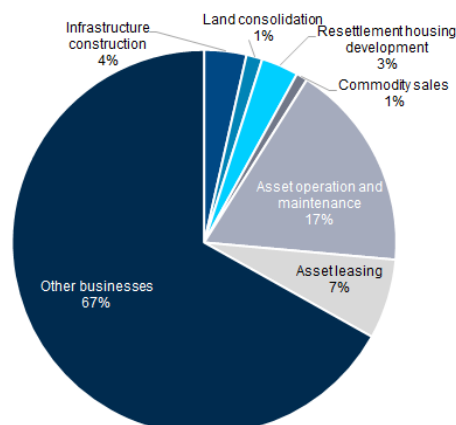
	2023FY	2024FY	2025FY
Total Asset (RMB billion)	25.2	28.4	32.8
Total Equity (RMB billion)	12.3	12.2	12.4
Total Revenue (RMB billion)	2.6	3.3	3.3
Total Debt/Total Capital (%)	43.3	50.7	57.7

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

Source: Company data, CCXAP research

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 ("Mianyang ETDZ Committee").

Exhibit 1. Revenue structure in 2025**Exhibit 2. Gross profit structure in 2025**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Mianyang ETDZ Government has a strong capacity to provide support, given its relatively fast economic growth and sound fiscal stability, though this capacity is constrained by its small economic scale and fiscal revenue.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2025, Sichuan recorded a gross regional product ("GRP") of RMB6.8 trillion, with a GRP growth rate of 5.5% year-on-year ("YoY"). Its general budgetary revenue increased to RMB585.4 billion, up by 3.9% YoY.

Mianyang City is located in the north of Sichuan Province, in the heartland of the "West Triangle" of Chengdu, Chongqing, and Xi'an. It is also one of the central cities of the Chengdu-Chongqing urban agglomeration and an important national defense scientific research and electronic industry production base in China. Mianyang City has formed six key industries, including electronic information, automobiles, new materials, energy conservation and environmental protection, high-end equipment manufacturing, and food and beverage. With the support of such pillar industries, its economy continued to grow, and its financial strength continued to increase. In 2025, Mianyang City achieved a GRP of RMB460.1 billion, a YoY increase of 6.5%, ranking 2nd in Sichuan Province. Supported by increased tax revenue, the Mianyang Municipal Government's general budgetary revenue increased from RMB21.7 billion in 2024 to RMB22.8 billion in 2025. However, its financial self-sufficiency is relatively weak, with a low average fiscal balance ratio of 36.4% over the past 3 years. The government debt increased from RMB129.7 billion in 2024 to RMB153.7 billion in 2025, representing 33.4% of its GRP.

Exhibit 3. Key economic and fiscal indicators of Mianyang City

	2023FY	2024FY	2025FY
GRP (RMB billion)	403.9	434.4	460.1
GRP Growth (%)	8.0	7.0	6.5
General Budgetary Revenue (RMB billion)	20.1	21.7	22.8
General Budgetary Expenditure (RMB billion)	57.8	59.3	60.5

Local Government Debt (RMB billion)	106.6	129.7	153.7
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Source: Finance Bureau of Mianyang City, CCXAP research

Situated in the southern urban area of Mianyang City, Mianyang ETDZ has been a National ETDZ since 2012. Mianyang ETDZ has established a “674+N” industrial system, comprising six pillar industries (smart terminals, new functional materials, intelligent equipment, fine chemicals, electronic components, and pharmaceutical and health), seven key industries, and four specialized industries, with the “N” representing future-oriented sectors such as low-altitude manufacturing. Although Mianyang ETDZ has a small economic scale and limited fiscal revenue, it has maintained a fast growth over the past few years. Its GRP increased from RMB15.7 billion in 2024 to RMB16.9 billion in 2025, with a high average GRP growth rate of 8.5% in the past three years. Its general budgetary revenue increased from RMB1.4 billion in 2024 to RMB1.5 billion in 2025, with a high economic stability rate, as the tax revenue accounted for about 80% of the total general budgetary revenue on average in the past three years. Mianyang ETDZ also had a good average self-sufficiency rate of 83.6% over the past three years. The government fund income fluctuated due to factors such as real estate market volatility and government land transfer plans. Nevertheless, subsidies from higher-level authorities have shown steady growth, serving as a beneficial supplement to fiscal revenue. As of 31 December 2025, Mianyang ETDZ’s outstanding government debt was at a manageable level of RMB3.9 billion, accounting for 23.2% of its GRP.

Exhibit 4. Key economic and fiscal indicators of Mianyang ETDZ

	2023FY	2024FY	2025FY
GRP (RMB billion)	13.9	15.7	16.9
GRP Growth (%)	9.8	8.7	7.1
General Budgetary Revenue (RMB billion)	1.3	1.4	1.5
General Budgetary Expenditure (RMB billion)	1.6	1.6	1.8
Local Government Debt (RMB billion)	2.1	3.1	3.9

Source: Statistic Bureau of Mianyang ETDZ, CCXAP research

Government’s Willingness to Provide Support

Most important infrastructure construction entity in Mianyang ETDZ

After consolidating Mianyang Jingkai Investment Holding Group Co., Ltd. (“MJIH”) 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, such as infrastructure construction, resettlement housing construction, and land consolidation. 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 infrastructure construction business is carried out through the agency construction model, funded by self-raised funds. The Company signed entrusting construction agreements with other local platforms, and the contracting parties reimbursing the Company annually for the project investment cost plus a predetermined margin. As of 31 March 2026, the Company had 18 infrastructure construction projects under construction, with a total planned investment of RMB3.8 billion and an uninvested amount of RMB2.0 billion. In addition, the Company has 9 infrastructure construction projects under planning with a total planned investment of RMB1.0

billion. The sizeable project pipeline will exert certain capital expenditure pressure on the Company going forward.

The Company is responsible for the land development and consolidation in Mianyang ETDZ, with self-raised funds. Upon completion, the consolidated land is transferred to Mianyang Municipal Government Services and the Public Resources Trading Service Center for public listing. The net proceeds after deducting tax and certain fees are then returned to the Company. As of 31 March 2026, the Company had lands of around 7.3 million square meters under consolidation, with a total planned investment of RMB4.5 billion and an uninvested amount of RMB1.5 billion. The Company plans to consolidate land parcels with a total area of 4.0 million square meters and an estimated total investment of RMB1.8 billion. Nevertheless, this business remains susceptible to government land transfer policies and real estate market conditions, resulting in a degree of uncertainty regarding its land transfer income.

The Company also undertakes resettlement housing construction in the region with self-raised funds. Upon completion, the properties are transferred to the Mianyang ETDZ Committee or a designated state-owned enterprise for repurchase. Any remaining unsold units are then marketed by the Company. For certain resettlement housing projects, the Company adopts a self-operated model, where it independently finances and constructs the properties. Revenue from this business is volatile, as it is closely tied to project construction and sales progress. As of 31 March 2026, the Company had 2 resettlement housing projects under construction, with a total planned investment amount of RMB1.5 billion and an outstanding balance of RMB1.0 billion, posing certain capital expenditure pressure on the Company.

Overall, the Company's public-policy business benefits from a substantial pipeline of ongoing and planned projects, supporting sound business sustainability. However, it also faces considerable future capital expenditure pressure and remains susceptible to macroeconomic conditions and changes in government policies.

Medium exposure to commercial activities

XIDG is also 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.

XIDG's self-operated projects include industrial parks, transportation hubs, parking lots, and sewage treatment plants. The Company constructs these projects with self-raised funds and government fiscal funds and achieves breakeven through operating income and rental revenue generated after completion. As of 31 March 2026, the Company had 6 major self-operated projects under construction or planning, with a total estimated investment of RMB17.0 billion, and an outstanding balance of RMB12.0 billion, exerting certain capital expenditure pressure. However, the actual achievement of funding balance depends on project completion schedules and operational performance.

XIDG engages in the commodity sales business, which is closely aligned with its core operations, under a market-oriented procurement and sales model. The main products include steel products, building materials, and kitchen equipment. In 2025, revenue from this segment declined to RMB1.2 billion from RMB1.4 billion in 2024, accounting for 37.1% of total revenue, partly due to a decrease in kitchen equipment sales. The gross profit margin remained low at around 0.7%. This segment also faces certain concentration risk. As of 31

December 2025, the top 5 suppliers and top 5 customers accounted for 65.8% and 69.0% of total procurement and sales value, respectively.

XIDG's leasing business comprises standard factory buildings, commercial retail units, as well as outdoor billboards, residential properties, and underground parking spaces. As of 31 March 2026, the total leasable area amounted to 387.1 thousand square meters, with an average occupancy rate of 87.2%. Leasing revenue decreased to RMB106.6 million in 2025 from RMB124.3 million in 2024, which had been partly elevated by the deferred recognition of rental income from prior periods. The gross profit margin of the leasing business remained strong at 55.0% in 2025.

XIDG is also responsible for the operation and maintenance of municipal assets within Mianyang ETDZ, including roads, trees, and greenbelts. Revenue is calculated annually at 10% of the book value of municipal assets. This business benefits from strong regional exclusivity and generates stable revenue, and is one of the main gross profit contributors for the Company. In 2025, it recorded revenue of RMB167.8 million with a high gross profit margin of 90.9%, serving as a primary source of the Company's gross profit.

Moreover, XIDG engages in other businesses such as landscaping maintenance and property management, which provide supplementary income to the Company. However, the small operating scale of these businesses limits their contribution to the Company's overall cash flow and profitability.

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. Its total debt increased from RMB12.6 billion at end-2024 to RMB16.9 billion at end-2025, while the total capitalization ratio increased from 50.7% to 57.7% over the same period. Moreover, the Company's debt structure remains modest, with a high proportion of short-term obligations. Its short-term debt grew from RMB4.9 billion at end-2024 to RMB7.7 billion at end-2025, accounting for 45.7% of its total debt as of 31 December 2025, and the cash-to-short-term-debt ratio was only around 0.2x, indicating certain short-term debt servicing pressure. 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.

The Company bears low contingent credit risk arising from external guarantees. As of 31 December 2025, the Company had an outstanding external guarantee of RMB760.7 million, representing 6.1% of its net assets. The guaranteed parties are all state-owned enterprises in the region.

Weak asset liquidity

The Company's asset liquidity is weak, driven by a high proportion of low-liquidity assets in its total asset base. These include costs from construction projects (recorded as inventories, construction in progress, and other non-current assets), investment properties, receivables, and lands (recorded as intangible assets), which together accounted for 71.1% of total assets as of 31 December 2025. It is noteworthy that 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.

Diversified funding channels with low reliance on non-standard financing

XIDG has good access to diversified funding sources, given its strong banking relationships and access to the debt capital market. As of 31 March 2026, the Company had obtained total credit facilities of approximately RMB4.6 billion from major domestic policy banks and commercial banks, with available facilities of RMB2.0 billion. The Company also has access to both the onshore and offshore bond markets. In 2025, it issued 3 offshore bonds totaling USD293.0 million, with coupon rates ranging from 6.5% to 7.0%, while its subsidiary MJH had outstanding onshore corporate bonds of RMB546.0 million as of 31 March 2026. As of the same date, bank loans and bonds accounted for 85.4% and 14.4% of the Company's total debt, respectively. In addition, the Company has low reliance on non-standard financing, with non-standard financing accounting for 0.2% of the total debt as of 31 March 2026.

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. From 2024 to 2025, the Company received total government subsidies of RMB250.0 million. Additionally, the Company receives regular project repayments from its infrastructure construction, land consolidation, and resettlement housing development businesses, with total amount of RMB319.7 million over the same period. The continuous support from the local government has enhanced its capital strength. Overall, 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.

ESG Considerations

XIDG assumes environmental risks through its infrastructure projects. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of the projects and close supervision during construction.

As a public services provider in Mianyang ETDZ, the Company also faces social risks. Demographic changes, public awareness, and social priorities shape the government's target for XIDG, which may affect the government's propensity to support the Company.

XIDG's governance considerations are also material as the Company is subject to oversight and reporting requirements to the local government, reflecting its public policy role and status as a government-owned entity

Structural Considerations

The bond (ISIN: XS3177751131) rating of A₉⁺ is based on our assessment of Sichuan Development Financing Guarantee Co., Ltd. ("SDFG")'s credit quality. The bonds are unconditionally and irrevocably guaranteed by SDFG under the deed of guarantee. SDFG has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by XIDG. SDFG's obligations for the bonds shall at all times at least rank pari passu with all other present and future unsecured and unsubordinated obligations of SDFG.

The bond (ISIN: HK0001151510) rating of A₉ is based on our assessment of Chengdu-Chongqing Bond Insurance Co., Ltd. ("CCBI")'s credit quality. The bonds are unconditionally and irrevocably guaranteed by CCBI under the deed of guarantee. CCBI has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by XIDG. CCBI's obligations for the bonds shall at all times at least rank pari passu with all other present and future unsecured and unsubordinated obligations of CCBI.

Rating Methodology

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

The methodology used in SDFG and CCBI's assessment is the Rating Methodology for [Financial Guarantors \(January 2022\)](#).

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