

Chengdu Xinjin City Industry Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has upgraded the global scale Long-term Issuer Credit Rating of Chengdu Xinjin City Industry Development Group Co., Ltd. (“CXCID” or “the company”) to ‘BBB’ from ‘BBB-’; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating upgrade reflects CXCID’s enhanced strategic importance, driven by its higher contributions in industrial operations in Xinjin District, Chengdu City (“Xinjin”). The company has further expanded its mandate to encompass the construction and development of industrial parks, while broadening the scope of other businesses, including intelligent manufacturing and digital economy industries, gravel sales and other self-operated projects. These initiatives are highly aligned with the local government’s plan for industrial transformation and upgrading, which helps to attract investment and accelerate industrial growth.

We believes this continues to reflect a high possibility that the People’s Government of Xinjin District (“Xinjin government”) would provide strong support to CXCID if needed, in light of its full ownership of CXCID, CXCID’s strategic position as the major LIDC participating in infrastructure construction and state-owned asset operation in Xinjin District (“Xinjin”) of Chengdu City, as well as the strong linkage between the Xinjin government and CXCID, including control of board of directors, management supervision, strategic alignment and ongoing operational and financial support. In addition, the Xinjin government may face significant negative impact on its reputation, business and financing activities should CXCID encounter any operational or financial difficulties.

Xinjin is one of the municipal districts under the jurisdiction of Chengdu, the capital city of Sichuan Province. Its GDP grew steadily by 5.9% to RMB53.5 billion in 2024. The budgetary revenue also increased by 7.9% to RMB4.0 billion in 2024.

The Stable Outlook reflects our expectation that CXCID’s strategic importance would remain intact while the Xinjin government will continue to ensure CXCID’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: CXCID is wholly owned by the Xinjin government through the State-owned Assets Supervision and Administration Bureau of Xinjin government (“Xinjin SASAB”). The Xinjin government has strong control and supervision over CXCID, including control of the board of directors, management supervision, decision on its strategic development and investment plan, supervision of its major funding decisions and daily operation, etc. In addition, the Xinjin government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance to Xinjin and Strategic Alignment: CXCID is still the largest and the major LIDC in Xinjin that responsible for infrastructure construction, industrial park development, as well as resettlement housing construction, transportation operation and comprehensive development for Transit-Oriented Development project with commercial nature to promote the development of urban community in Xinjin. It mainly undertakes the management, investment, safeguard and increase the value of state-owned assets with

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	14 October 2025

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

regional advantages. CXCID's strategic planning and development have been aligned with the local government's economic and social policies. It carries out the directions and policies of urban development by the Xinjin government to support the local economy growth.

Ongoing Government Support: CXCID has received several capital injections since its establishment. The paid-in capital increased from the initial of RMB3.0 million to RMB727.0 million at end-June 2025, mainly through cash injection from the Xinjin SASAB. Meanwhile, CXCID also received supports such as physical assets, mineral exploration right and state-owned equity transfers. In addition, CXCID has continued to receive financial subsidies from the local government, amounting to RMB2.0 billion from 2022 to the first six months of 2025. Given the regional advantage in infrastructure construction, industrial park development and transportation projects construction in the region, CXCID has advantages in obtaining land resources and major projects. We believe CXCID is likely to receive government support in the future.

CXCID's Financial Matrix and Liquidity Position: CXCID's total assets increased to RMB89.6 billion at end-June 2025 from RMB78.5 billion at end-2023, as the company actively participated in the project development in Xinjin. The company mainly relied on borrowings to fund its asset expansion. Its total adjusted debt increased to RMB33.8 billion at end-June 2025 from RMB28.9 billion at end-2023. The company's financial leverage, as measured by debt/capitalization, increased from 42.3% to 45.9% over the same period.

The liquidity of CXCID was moderately tight. At end-June 2025, CXCID had a cash balance of RMB2.5 billion, compared with its debt due within one year of RMB6.1 billion. Having said that, CXCID has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations.

Rating Sensitivities

We would consider downgrading CXCID's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the local government's ownership of CXCID, or (3) there is a downgrade in our internal credit assessment on the Xinjin government.

We would consider upgrading CXCID's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Xinjin government.

Operating Environment

Economic Condition of Xinjin

Xinjin is located in the south of Chengdu and is one of the districts of Chengdu. Xinjin has jurisdiction over 4 streets and 4 towns, with a total land area of 330 square kilometers. As the main area designated as the New Material Industrial Functional Zone, International Railway Hub and Modern Logistics Functional Zone, an industrial system dominated by food processing, rail transit and new materials has been formed in Xinjin to facilitate the economy development.

Xinjin's GDP amount increased to RMB53.5 billion in 2024, from RMB50.3 billion in 2023, and its economic growth rate increased to 5.9%, from 5.3% in 2023. The GDP per capita was RMB142,220 in 2024. After plunging 11.0% in 2023, Xinjin's fixed-asset investment rebounded in 2024, increasing by 9.2%. The turnaround was powered by a flood of post-

disaster reconstruction funds and an accelerated pipeline of provincial key projects that quickly converted into physical construction activity.

Xinjin's GDP and Fixed Asset Investment			
(RMB billion)	2022	2023	2024
GDP	46.9	50.3	53.5
-Primary industry (%)	4.2	3.9	3.3
-Secondary industry (%)	42.3	42.3	42.0
-Tertiary industry (%)	53.5	53.8	54.7
GDP growth rate (%)	4.4	5.3	5.9
Fixed asset investment growth rate (%)	5.6	-11.0	9.2
Population (million)	0.4	0.4	0.4

Source: Financial Bureau of Xinjin, statistical bureau of Xinjin and Lianhe Global's calculations
**Estimated by Lianhe Global*

Fiscal Condition of Xinjin

The budgetary revenue of the Xinjin government increased to RMB4.0 billion in 2024 from RMB3.7 billion in 2023, with a year-over-year growth rate of 7.9%. The Xinjin government's fiscal self-sufficiency remained weak, with the budget deficit narrowing to 54.8% in 2024 from 57.6% in 2023. Additionally, government fund income declined to RMB3.2 billion in 2024 from RMB5.1 billion in 2023, due to a collapse in land-sale proceeds amid the nationwide property slump.

The outstanding debt of the Xinjin government kept growing in past few years. At end-2024, the Xinjin government's outstanding debt increased to RMB12.4 billion from RMB9.0 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 127.1% at end-2024 from 80.4% at end-2023.

Xinjin's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	3.4	3.7	4.0
Budgetary revenue growth rate (%)	5.8	8.2	7.9
Tax revenue	1.9	2.0	2.0
Tax revenue (% of budgetary revenue)	55.5	54.0	51.1
Government fund income	3.1	5.1	3.2
Transfer payment	2.0	2.4	2.5
Aggregate revenue	8.5	11.2	9.7
Budgetary expenditure	5.8	5.9	6.2
Budget balance ¹ (%)	-70.1	-57.6	-54.8
Government debt ratio (%)	102.4	80.4	127.1

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%
Source: Financial Bureau of Xinjin, statistical bureau of Xinjin and Lianhe Global's calculations

Company Profile

CXCID was established in 2005 with an initial registered capital of RMB3 million in cash fully contributed by the People's Government of Huayuan Town, Xinjin County. The controlling shareholder of CXCID was transformed to Xinjin SASAB in 2007. The registered capital of CXCID was RMB3 billion, while the paid-in capital was RMB727.0 million at end-June 2025, and it is wholly owned by the Xinjin government through the Xinjin SASAB.

CXCID is responsible for infrastructure construction, as well as resettlement housing construction, transportation operation and comprehensive development for TOD project to promote the development of urban community in Xinjin. The company generated revenues



of RMB1.9 billion, RMB2.1 billion, RMB2.6 billion and RMB1.3 billion in 2022, 2023, 2024 and the first six months of 2025, respectively. Over the same period, its gross margin remained stable at 14.5%-21.0%.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	70,016	78,509	85,172	89,627
Equity	38,748	39,315	39,527	39,817
Debt	21,395	28,858	32,117	33,789
Debt / (Debt + Equity) (%)	35.6	42.3	44.8	45.9
Unrestricted cash/ST Debts (x)	0.2	0.2	0.2	0.3
Debt/EBITDA (x)	20.8	32.2	36.7	-
Revenue	1,875	2,056	2,552	1,316
Operation Profit	382	333	292	139
Gross Margin (%)	14.5	15.0	20.5	17.4
Cash from sales or services/ Revenue (%)	179.0	120.1	147.0	77.8

Source: CXCID and Lianhe Global's calculations

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