

## Xi'an Kingfar Holding (Group) Co., Ltd.

**Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A-' global scale Long-term Issuer Credit Rating of Xi'an Kingfar Holding (Group) Co., Ltd. ("Xi'an Kingfar" or "the company") with Stable Outlook; The global scale Long-term Issuance Credit Rating of its Credit Enhanced Guaranteed CNY Bonds affirmed at 'AA-'**

### Summary

The Issuer Credit Rating reflects a high possibility that the Management Committee of Xi'an Economic and Technology Development Zone ("XETDZ MC") (the de facto local government) would provide very strong support to Xi'an Kingfar if needed. This mainly considers XETDZ MC's direct full ownership of Xi'an Kingfar and the company's strategic importance as the most important entity responsible for city development and operation in XETDZ. The linkage between the local government and Xi'an Kingfar is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities if Xi'an Kingfar encounters any operational and financial difficulties.

XETDZ is a national development zone, which is located in the North of Xi'an, the capital city of Shaanxi province. XETDZ's GDP grew rapidly by 9.9% to RMB130.4 billion in 2024, while the budgetary revenue totaled RMB3.8 billion.

The Stable Outlook reflects our expectation that Xi'an Kingfar's strategic importance would remain intact while the local government will continue to ensure Xi'an Kingfar's stable operation.

Lianhe Global has also affirmed 'AA-' global scale Long-term Issuance Credit Rating of the Credit Enhanced Guaranteed CNY Bonds issued by Xi'an Kingfar's wholly-owned subsidiary Xi'an Kingfar International (Singapore) Pte. Ltd. The bonds have the benefit of RMB-denominated irrevocable standby letter of credit ("the SBLC") issued by Postal Savings Bank of China Co., Ltd. ("PSBC")'s Shaanxi branch. The Issuance Credit Rating primarily reflects the credit enhancement provided by the SBLC and underpinned by the credit strength of PSBC as a large state-owned commercial bank and a domestic systemically important bank (D-SIB). A full list of affirmed issuance rating is included in this report.

### Rating Rationale

**Government's Ownership and Supervision:** XETDZ MC directly holds 100% ownership of Xi'an Kingfar. The local government has the final decision-making authority and supervision over the company, including management appointments, decisions on its strategic development and investment plan, and supervision of its major funding decisions. In addition, the local government has an assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

**Strategic Importance and Strategic Alignment:** The company's business operation and strategic planning have been aligned with the local government's development plans. Xi'an Kingfar is the flagship development and operation platform in XETDZ. The company undertakes major municipal works such as constructing public facilities, infrastructures and schools, supplying heat and providing city sanitation, landscaping, property management

### Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	19 January 2026

### Analysts

Rechel Chen  
(852) 3462 9589  
[rechel.chen@lhratingsglobal.com](mailto:rechel.chen@lhratingsglobal.com)

Roy Luo, CFA, FRM, CESGA  
(852) 3462 9582  
[roy.luo@lhratingsglobal.com](mailto:roy.luo@lhratingsglobal.com)

### Applicable Criteria

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

*Banking Rating Criteria (20 March 2023)*

and leasing services within the region. It also develops industrial parks to promote local economic development.

**Strong Government Support:** Xi'an Kingfar receives ongoing government support through capital/asset injections and financial subsidies to support its business operations. In 2024 and the first six months of 2025, the local government provided operational subsidies of RMB52.1 million and RMB21.2 million to Xian Kingfar, respectively. We believe that the government support will remain intact given the company's strategic importance in XETDZ.

**Xi'an Kingfar's Financial and Liquidity Positions:** Xi'an Kingfar's asset size increased steadily to RMB78.4 billion at end-2024 from RMB75.3 billion at end-2023, as the company actively participated in XETDZ's project development. It heavily relied on borrowings to fund its asset expansion. The total debt increased significantly to RMB48 billion from RMB42 over the same period. At the same time, its equity reduced to RMB1 billion from RMB19 billion as some minority shareholders of its subsidiaries exited. As a result, XETDZ's financial leverage, as measured by the debt to capitalization ratio, increased to 72.8% at end-June 2025 from 68.9% at end-2023.

Xi'an Kingfar's short-term debt repayment pressure was moderately high. At end-June 2025, the company had unrestricted cash of RMB4.4 billion, compared with debts due within one year of RMB16.0 billion. Yet Xi'an Kingfar has access to various financing channels, including bank borrowings, onshore and offshore bond issuances, and other non-traditional financings, to support its debt repayments and business operations. At end-September 2025, the company had total credit lines of RMB77. billion, with unused credit lines of RMB29.5 billion.

## Rating Sensitivities

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

We would consider upgrading Xi'an Kingfar's rating if there is an upgrade in our internal credit assessment on the XETDZ.

Any downgrade or upgrade in our internal credit assessment on PSBC would result in a similar rating action on the Bonds.

## Full List of Issuance Rating

- CNY1,150 million 3.9% credit enhanced guaranteed bonds due 2026 affirmed at 'AA-'

## Operating Environment

### Economic Condition of XETDZ

XETDZ recorded a GDP of RMB130.4 billion in 2024. XETDZ's GDP growth surged to 9.9 % in 2024 from 1.9 % in 2023. The growth rate of fixed asset investment stayed at a relatively high level of 19.2%. The economy of XETDZ was mainly boosted by the secondary and tertiary industries, which accounted for 43.5% and 56.3% of GDP in 2024, respectively. XETDZ is an advanced manufacturing base, focusing on four major industrial clusters: automobiles, high-end equipment manufacturing, new materials and new energy, and electronic information.

### XETDZ County's Economic Condition

(RMB billion)	2022	2023	2024
GDP	112.5	114.6	130.4
-Primary industry (%)	0.0	0.0	0.2
-Secondary industry (%)	52.9	52.9	43.5
-Tertiary industry (%)	47.1	47.1	56.3
GDP growth rate (%)	6.5	1.9	9.9
Fixed asset investment growth rate (%)	18.0	24.5	19.2
Population (million)	0.6	0.6	0.7

Source: XETDZ official website and Lianhe Global's calculations

### Fiscal Condition of XETDZ County

The XETDZ's budgetary revenue decreased to RMB3.8 billion in 2024 from RMB6.0 billion in 2023, due to the local fiscal system reform. Its budgetary expenditure also reduced to RMB4.6 billion from RMB6.0 billion over the same period. XETDZ's government-fund income increased to RMB5.1 billion from RMB4.6 billion, mainly due to the recovery in land sales.

The outstanding debt of the XETDZ surged to RMB9.6 billion at end-2024 from RMB6.9 billion at end-2023, mainly due to the new issuance of special debts to support local public projects. Its government debt ratio, as measured by the total debt/aggregate revenue, was 90.8% at end-2024.

### XETDZ County's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	3.7	6.0	3.8
Budgetary revenue growth rate (%)	6.0	65.2	-36.3
Tax revenue	3.2	5.4	3.0
Tax revenue (% of budgetary revenue)	87.0	89.4	76.8
Government fund income	4.0	4.6	5.1
Transfer payment	3.4	2.8	1.6
<b>Aggregate revenue</b>	<b>11.0</b>	<b>13.5</b>	<b>10.6</b>
Budgetary expenditure	4.7	6.0	4.6
Budget balance <sup>1</sup> (%)	-27.7	0.8	-18.6
Government debt ratio (%)	60.8	51.0	90.8

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

Source: XETDZ official website and Lianhe Global's calculations

### Company Profile

Xi'an Kingfar was established in May 2010 by the XETDZ MC with an initial registered capital of RMB160 million. After an array of capital injections, the company's registered and paid-in capital was increased to RMB10.0 billion and RMB7.5 billion, respectively, at the end of June 2025. XETDZ MC holds 100% shares of Xi'an Kingfar and is the company's ultimate controller.

Xi'an Kingfar is the flagship LIDC that engages in city development projects and operates utilities. The company also diversifies into property development, supply chain and other businesses. It realized total revenue of RMB9.6 billion, RMB10.8 billion and 8.8 billion in 2022, 2023, and 2024, respectively. In the first six months of 2025, the company recorded revenue of RMB2.4 billion. The gross profit margin increased to 28.8% from 12.5% over the same period.



Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	70,492	75,272	76,340	78,418
Equity	19,242	18,935	18,409	17,952
Debt	35,223	41,996	43,207	47,960
Debt / (Debt + Equity) (%)	64.7	68.9	70.1	72.8
Unrestricted cash/ST Debts (x)	0.4	0.3	0.2	0.3
Debt/EBITDA (x)	29.2	28.8	24.1	-
Revenue	9,609	10,797	8,779	2,385
Operation Profit	279	332	295	-156
Gross Margin (%)	12.5	15.3	20.3	28.8
Cash from sales or services/ Revenue (%)	87.9	72.9	71.7	76.1
Source: Xi'an Kingfar and Lianhe Global's calculations				

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