

Xingyang Urban Development Investment Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Xingyang Urban Development Investment Group Co., Ltd. (“XUDI”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xingyang City (“the Xingyang government”) would provide very strong support to XUDI if needed. This mainly considers the indirect majority ownership of XUDI, XUDI’s strategic importance as the most important LIDC responsible for project development and city operation in Xingyang City (“Xingyang”). The linkage between the local government and XUDI is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe that the Xingyang government has a very strong willingness to ensure XUDI’s business and financial viability in order to safeguard its reputation and local financing activities.

Xingyang is a county-level city administered by Zhengzhou City (“Zhengzhou”), the capital city of Henan Province. Its GDP grew steadily by 5.8% to RMB57.6 billion in 2024, while its budgetary revenue increased slightly to RMB5.2 billion in the same year.

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

Rating Rationale

Government’s Ownership and Supervision: The Xingyang government, as the company’s actual controller, continues to indirectly hold 99% shares of XUDI. The Xingyang government has strong control and supervision over the company, including senior management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Xingyang government has formulated a performance assessment mechanism for the company and regularly appoints auditors to review the company’s operating performance and financial position.

Strategic Importance and Strategic Alignment: XUDI is the most important LIDC in Xingyang responsible for project development and city operation. Its project scope includes municipal infrastructures construction, resettlement housing and industrial park construction. In addition, it provides water supply and related installation, heat supply, sewage treatment and sanitation service and operates charging stations in Xingyang. XUDI’s business operation and strategic planning have been aligned with the local government’s development plans.

Strong Government Support: XUDI continues to receive asset/capital injections from the Xingyang government, and its equity base was enlarged to RMB14.2 billion at end-September 2025. In addition, XUDI received project funds of RMB297 million and RMB98 million in 2024 and the first nine months of 2025, respectively. We believe that the government’s willingness to support will remain intact given the company’s strategic importance in Xingyang.

XUDI’s Financial Matrix and Liquidity Position: XUDI’s total asset decreased slightly to RMB38.5 billion at end-September 2025 from RMB38.9 billion at end-2024, while its total

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	2 March 2026

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Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

debt also decreased to RMB8.9 billion from RMB11.4 billion over the same period. The company's financial leverage, as measured by debt/capitalization, decreased to 38.4% at end-September 2025, the lowest level in the past three years.

XUDI's short-term debt servicing pressure was moderately high. At end-September 2025, the company had unrestricted cash balance of RMB650 million, compared with its debts due within one year of RMB3.4 billion. Nevertheless, XUDI has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayments and business operations. At end-September 2025, the company had unused credit facilities amounting to RMB3.8 billion.

Rating Sensitivities

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

We would consider upgrading XUDI's rating if there is an upgrade in our internal credit assessment on the Xingyang government.

Operating Environment

Economic Condition of Xingyang

Xingyang is a county-level city under the direct jurisdiction of Henan Province and administered by Zhengzhou, the provincial capital. Renowned as the hometown of China's silk culture, Xingyang is a time-honored city with abundant tourism resources and cultural sites. The urbanization rate of Xingyang increased to 64.7% at end-2024 from 59.9% at end-2023, as it is gradually integrated with Zhengzhou's urban areas.

Xingyang maintained relatively stable economic growth in the past three years, and its GDP amount reached RMB57.6 billion in 2024, representing a year-over-year growth rate of 5.8%, higher than 5.2% recorded in 2023. The economy of Xingyang was mainly boosted by the secondary and tertiary industries, which accounted for 48.8% and 46.6% of GDP in 2024.

Xingyang's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	55.9	56.1	57.6
-Primary industry (%)	5.7	4.5	4.6
-Secondary industry (%)	48.2	47.5	48.8
-Tertiary industry (%)	46.1	48.1	46.6
GDP growth rate (%)	0.1	5.2	5.8
Fixed asset investment growth rate (%)	25.9	8.2	6.9
Population (million)	0.7	0.7	0.7

Source: Statistical Bureau of Xingyang and Lianhe Global's calculations

Fiscal Condition of Xingyang

The budgetary revenue of the Xingyang government increased slightly to RMB5.2 billion in 2024 from RMB5.0 billion in 2023, with the contribution of tax revenue to budgetary revenue lowered to 38.1% from 45.9% over the same period. The fiscal self-sufficiency rate of the Xingyang government was moderate, with its budget deficit slightly widened to 36.8% in 2024 from 32.3% in 2023. The government fund income of the Xingyang government rebounded to RMB0.7 billion in 2024 from RMB0.4 billion in 2023, while the transfer payment

from higher government decreased to RMB2.3 billion from RMB2.5 billion over the same period.

The outstanding debt of the Xingyang government kept growing in past few years. At end-2024, the Xingyang government's outstanding debt increased to RMB19.0 billion, including general government debts of RMB6.7 billion and special debts of RMB12.3 billion. Its government debt ratio, as measured by the total government debt/aggregate revenue, was further elevated to 229.5% at end-2024 from 211.9% at end-2023, mainly due to the large increase in special debts.

Xingyang's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	5.0	5.0	5.2
Budgetary revenue growth rate (%)	6.3	0.2	3.1
Tax revenue	2.4	2.3	2.0
Tax revenue (% of budgetary revenue)	48.3	45.9	38.1
Government fund income	0.9	0.4	0.7
Transfer payment	2.7	2.5	2.3
Aggregate revenue	8.8	7.9	8.3
Budgetary expenditure	6.8	6.7	7.0
Budget balance ¹ (%)	-35.5	-32.3	-36.8
Government debt ratio (%)	172.3	211.9	229.5

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Xingyang and Lianhe Global's calculations

Company Profile

XUDI was established in December 2003 with a registered capital of RMB30 million, funded by the Xingyang government. After a series of capital injections and equity transfers, at end-September 2025, XUDI's registered capital and paid-in capital were RMB3.0 billion and RMB1.1 billion, respectively. The Xingyang government, as the actual controller of the company, holds 99.0% of the company's equity through Zhengzhou Zhongxing Investment Development Group Co., Ltd ("ZZID"); the remaining 1% equity is owned by Henan Provincial Department of Finance. XUDI and ZZID share a management team.

XUDI is the most important LIDC responsible for project development and city operation in Xingyang. The company undertakes major infrastructure construction and social housing development projects within the region. It also supplies water for the city. XUDI recorded total revenue of RMB690 million, 701 million and 836 million in 2022, 2023 and 2024, respectively, representing an upward trend. In the first nine months of 2025, XUDI realized a total revenue of RMB582 million, with a high gross margin of 42.1%.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	31,833	34,991	38,941	38,517
Equity	13,522	13,794	14,101	14,193
Debt	9,090	10,826	11,397	8,852
Debt / (Debt + Equity) (%)	40.2	44.0	44.7	38.4
Unrestricted cash/ST Debts (x)	0.5	0.2	0.1	0.2
Debt/EBITDA (x)	32.3	35.0	34.5	-
Revenue	690	701	836	582
Operation Profit	69	81	72	15
Gross Margin (%)	38.6	52.9	44.9	42.1
Cash from sales or services/Revenue (%)	150.2	167.7	125.8	110.4

Source: The company and Lianhe Global's calculations

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