Mianyang Science Technology City Development Investment (Group) Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer Credit Rating of Mianyang Science Technology City Development Investment (Group) Co., Ltd. ("MSTCD") to 'A-' from 'BBB+'; Issuer Rating Outlook is Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	30 October 2026

Summary

The Issuer Credit Rating upgrade reflects a high possibility that the People's Government of Mianyang City, Sichuan Province ("Mianyang government") would provide very strong support to MSTCD if needed. This mainly considers the Mianyang government's majority ownership of MSTCD, MSTCD's elevated strategic importance as the city's core industrial investment platform and key local investment and development company ("LIDC"), and the close linkage between the government and the company.

MSTCD has accelerated its transformation into an industrial investment group, leading the establishment of an RMB20 billion industrial guidance mother fund in July 2025 as the core vehicle for Mianyang's industrial clustering strategy, and advancing projects in advanced manufacturing and new materials. The March 2026 capital injection of RMB5.365 billion (comprising a 13.8% equity stake in Sichuan Changhong Electronic Holding Group Co., Ltd. and RMB1 billion in cash) demonstrates the government's recognition of the company's strategic role and notably strengthened its capital base. The Mianyang government retains final decision-making authority over senior management appointments, major investment and financing decisions, and continues to provide ongoing operational and financial support. We believe that the local government has a very strong willingness to ensure MSTCD's business and financial viability in order to safeguard its reputation and local financing activities.

Mianyang is a prefecture-level city under the jurisdiction of Sichuan. Its GDP grew steadily by 6.5% to RMB460.0 billion in 2025.

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

Rating Rationale

Government's Ownership and Supervision: The Mianyang government holds the majority ownership of MSTCD through the Mianyang State-owned Assets Supervision and Administration Commission ("Mianyang SASAC", approximately 68.4%). Other shareholders include China Agricultural Development Key Construction Fund Co., Ltd. (approximately 16.0%), Mianyang Investment Holding Group (approximately 8.4%), and Sichuan Provincial Department of Finance (approximately 7.2%). The Mianyang government is the actual controller and has final decision-making authority over major matters, including management appointments, capital increases, asset transfers, and guarantees. Mianyang SASAC also conducts performance assessments and monitors the company's operations and financial position through regular reporting and periodic audits.

Strategic Importance and Strategic Alignment: MSTCD is the primary industrial investment platform and a key LIDC in Mianyang. In recent years, it has accelerated its

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Applicable Criteria

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

transformation from a traditional infrastructure-focused platform into an industrial investment group, aligning closely with Mianyang's "587+" strategy of building and strengthening key industrial clusters. In July 2025, the company led the establishment of an RMB20 billion industrial guidance mother fund, which serves as the core vehicle for supporting priority industries. It is also advancing a "1+4" portfolio of strategic projects, comprising the mother fund and four landmark initiatives (including the nearly RMB7 billion Kefa Liuhe Special Materials New City Industrial Park and other advanced materials and manufacturing projects). Upon completion, these projects are expected to form a regionally significant advanced manufacturing and new materials cluster with nearly RMB20 billion in output value. The company's business remains well aligned with the municipal government's development priorities, particularly in industrial upgrading and new quality productive forces.

Strong Government Support: The Mianyang government has continued to provide operational and financial support to MSTCD. In March 2026, the company received a capital injection of RMB5.365 billion, comprising a 13.8% equity stake in Sichuan Changhong Electronic Holding Group Co., Ltd. (valued at RMB4.365 billion) contributed by Mianyang SASAC and RMB1 billion in cash from Mianyang Investment Holding (Group) Co., Ltd. This injection notably strengthened the company's capital base and underscored the government's recognition of its strategic role. MSTCD also received significant government subsidies, recorded approximately RMB1.15 billion in government grants in 2025. In addition, the government has maintained support through asset and equity injections, policy preferences, and the repurchase or funding of infrastructure projects. Given MSTCD's enhanced role as the core industrial investment platform, we expect the Mianyang government to continue providing strong support to sustain its operations and development.

MSTCD's Financial and Liquidity Position: MSTCD's total assets continued to grow, rising to RMB98.1 billion at end-2025 from RMB93.1 billion at end-2024, and further increasing to approximately RMB108.2 billion at end-June 2026. Current assets accounted for about 51.2% of total assets at end-June 2026. Overall asset liquidity remained moderately weak, mainly due to the large balances of inventory, investment properties and receivables, which typically require longer periods to monetize.

Financial leverage, measured by total debt/capitalization, stood at 71.6% at end-2025. The debt structure showed some improvement, with long-term debt accounting for approximately 53.3% of total debt at end-2025. At end-June 2026, the company held approximately RMB11.8 billion in cash while maintaining access to diversified financing channels, including bank loans, bonds and other instruments, to support its debt servicing and business operations.

Rating Sensitivities

We would consider downgrading MSTCD'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 MSTCD, or (3) there is a downgrade in our internal credit assessment on the Mianyang government.

We would consider upgrading MSTCD's rating if (1) there is an upgrade in our internal credit assessment on the Mianyang government.

Operating Environment

Economic Condition of Mianyang

Mianyang is a prefecture-level city under the jurisdiction of Sichuan Province. Renowned as the "City of Science and Technology", Mianyang is the home to many research institutions, universities and high-tech companies. In addition, Mianyang enjoys abundant mineral resources and tourism resources. The GDP of Mianyang was c. RMB460.1 billion in 2025, which was ranked 2nd (behind Chengdu) out of 21 cities (prefectures) within Sichuan Province. The year-over-year economic growth rate recorded 6.5% in 2025 (moderating from 7.0% in 2024 and 8.0% in 2023), indicating that Mianyang continued to expand, supported by the technology and services sectors even as overall growth cooled.

Mianyang's GDP and Fixed Asset Investment

(RMB billion)	2023	2024	2025
GDP	409.68	434.40	460.07
-Primary industry (%)	8.30	8.00	7.80
-Secondary industry (%)	42.20	41.70	40.00
-Tertiary industry (%)	49.50	50.40	52.30
GDP growth rate (%)	8.00	7.00	6.50
Fixed asset investment growth rate (%)	11.10	6.00	2.60
Population (million)	4.91	4.92	4.92

Source: Financial Bureau of Mianyang, statistical bureau of Mianyang and Lianhe Global's calculations

Fiscal Condition of Mianyang

The Mianyang government's budgetary revenue increased to RMB22.76 billion in 2025 from RMB21.67 billion in 2024. However, its fiscal self-sufficiency capacity remains weak. Therefore, the Mianyang government continues to rely heavily on government fund income and transfer payments from higher governments, with the latter contributing approximately 45.9% to aggregate revenue in 2025. Government fund income declined to RMB18.07 billion in 2025 from RMB20.55 billion in 2024.

The outstanding debt of the Mianyang government continued to grow. Its government debt ratio rose to 200.73% at end-2025 from 167.49% at end-2024 and 140.67% at end-2023.

Mianyang's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	20.15	21.67	22.76
Budgetary revenue growth rate (%)	26.20	7.50	5.10
Tax revenue	11.32	11.34	11.50
Tax revenue (% of budgetary revenue)	56.21	52.31	50.54
Government fund income	20.60	20.55	18.07
Transfer payment	34.44	34.60	35.15
Aggregate revenue	75.76	77.44	76.57
Budgetary expenditure	57.76	59.30	60.45
Budget balance[1] (%)	-186.69	-173.69	-165.56

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

Source: Financial Bureau of Mianyang, statistical bureau of Mianyang and Lianhe Global's calculations

Company Profile

MSTCD was established in July 2001 with a registered capital of RMB10 million, funded by the Mianyang Science and Technology City Science and Education Venture Park

Management Committee. After a series of capital injections and equity transfers, its registered and paid-in capital stood at RMB1.622 billion at end-2025. In March 2026, the company received a capital injection of RMB5.365 billion (comprising a 13.8% equity stake in Changhong Group and RMB 1 billion in cash).

MSTCD is the key city-level industrial investment platform in Mianyang. It is primarily responsible for infrastructure investment and development, industrial park operations, and investment attraction across industries including intelligent manufacturing, advanced materials, steel, aerospace, rare earths and defense. The company is also involved in real estate construction and sales, exhibition and tourism, urban services, and financial development. In recent years, it has further strengthened its role as the core vehicle for Mianyang's industrial upgrading, including leading the establishment of an RMB20 billion industrial guidance mother fund and advancing a portfolio of priority advanced manufacturing and new materials projects.

Key Financial Data

(RMB million)	2023	2024	2025	2026.6
Total Assets	82,853	93,126	98,086	108,172
Equity	23,330	23,903	24,989	30,312
Debt	48,158	56,600	61,552	63,970
Debt / (Debt + Equity) (%)	67.4	70.3	71.1	67.8
Unrestricted cash/ST Debts (x)	0.1	0.1	0.2	0.3
Debt/EBITDA (x)	28.2	33.3	25.8	-
Revenue	15,457	12,787	10,172	3,481
Gross Margin (%)	3.5	4.8	7.9	13.6
Cash from sales or services/ Revenue (%)	97.1	134.7	118.2	128.4

Source: QDOV and Lianhe Global's calculations

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