

CCXAP affirms Chengdu Xisheng Investment Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 30 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Chengdu Xisheng Investment Group Co., Ltd. (“CXIG” or the “Company”) at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating at BBB_g+

The BBB_g+ long-term credit rating of CXIG reflects (1) Pidu District 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 Pidu District Government's capacity to provide support reflects Pidu District's vital position in Chengdu City, given its good industrial resources, as well as increasing economic and fiscal strength.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important role as the most important infrastructure construction entity in Pidu District; (2) high sustainability for public policy projects; and (3) solid track record of receiving government payments. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) high debt leverage; and (3) weak asset liquidity.

Corporate Profile

Founded in 2010, CXIG, formerly known as Pi County Xingcheng Investment Co., Ltd., is the most important local infrastructure investment and financing company (“LIIFC”) in Pidu District, with the largest asset size among other local state-owned enterprises. The Company is primarily responsible for infrastructure construction, resettlement housing construction, and shantytown renovation in Pidu District. Apart from public development projects, the Company also derives revenue from businesses such as engineering construction, property sales, material and agricultural product trading, property leasing and management. As of 30 June 2026, the Company was wholly owned and ultimately controlled by Chengdu Pidu District State-owned Assets Supervision and Administration and Financial Bureau (“Pidu SASAFB”).

Rating Rationale

Credit Strengths

Important role as the most important infrastructure construction entity in Pidu District.

CXIG is the most important infrastructure construction and state-owned capital investment operation entity in Pidu district, with the largest total assets among the local state-owned enterprises. Considering the Company's high strategic significance to the development of Pidu District, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

High sustainability for public policy projects. The Company has a regional franchise in the construction of public policy projects, having successfully delivered a series of large-scale

infrastructure construction projects and public welfare facilities over the past few years. The Company has demonstrated strong business sustainability through its sufficient public project reserves.

Solid track record of receiving government payments. As the most important infrastructure construction and state-owned capital investment operation entity in Pidū district, CXIG has a track record of receiving payments from the Pidū District Government. These payments take various forms, such as government subsidies and project construction funds. Given CXIG's important strategic role, we expect the Company will continue to receive support from the Pidū District Government in the future.

Credit Challenges

Medium exposure to commercial activities. In addition to public activities, CXIG is also involved in various commercial activities such as engineering construction, property development, building material trading, agricultural product sales, property leasing, medical services, car parking services, municipal planning, and surveying. We consider CXIG's commercial business exposure medium, as its market-driven businesses account for around 20% of its total assets.

High debt leverage. As of 30 June 2026, CXIG's total debt had increased from RMB63.4 billion at end-2024 to RMB73.5 billion mainly due to the expansion of the project construction, and its total capitalization ratio remained high at 61.4%. Given the Company's large capital expenditure pressure, we expect the Company will maintain a relatively high debt leverage for the next 12-18 months.

Weak asset liquidity. CXIG has weak asset liquidity, which may undermine its financial flexibility. The Company's total assets mainly consist of inventories and receivables, which accounted for 71.5% of its total assets as of 30 June 2026.

Rating Outlook

The stable outlook on CXIG's rating reflects our expectation that, for the next 12 to 18 months, the local government's capacity to support the Company will remain stable, and the Company will maintain its dominant position in the infrastructure construction in Pidū District.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in company's characteristics enhance the local government's willingness to provide support, such as decreased exposure to commercial activities and improved asset liquidity.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in company characteristics decrease the local government's

willingness to provide support, such as reduced regional significance and deteriorated funding capability.

Rating Methodology

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

Regulatory Disclosures

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