

CCXAP assigns first-time long-term credit rating of A₉ to Shuangcheng (Chongqing) Credit Enhancement Co., Ltd., with stable outlook.

Hong Kong, 6 October 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A₉ to Shuangcheng (Chongqing) Credit Enhancement Co., Ltd. (“SCCE” or the “Company”), with stable outlook.

The A₉ long-term credit rating of SCCE is underpinned by the Company’s (1) strategic position as the first cross-regional credit enhancement agency; (2) sufficient capital adequacy backed by strong state-owned enterprise (“SOE”) background; and (3) expanding business operations with rising profitability.

However, the rating is constrained by the Company’s (1) relatively high geographic and client concentration; (2) relatively low level of risk reserve coverage; and (3) investment returns may subject to market conditions and policy changes.

The rating also incorporates our expectation that the Company has a very high likelihood of receiving government and parental support, given its (1) indirect ownership and ultimate control by Sichuan Provincial Department of Finance; (2) very high strategic importance in economic development of Sichuan Province and Chongqing Municipality; and (3) solid track record of capital injection and business support.

Corporate Profile

Founded in September 2023, SCCE was jointly established by 13 SOEs from Sichuan Province and Chongqing Municipality, serving as the first regional financial institution co-built by the two regions. It is primarily engaged in bond credit enhancement and investment businesses. As of 30 June 2026, its registered and paid-in capital both stood at RMB4.5 billion. The controlling shareholder, Sichuan Financial Holding Group Co., Ltd. (“SCFH”) directly and indirectly held 33.57% stake in the Company through Sichuan Jinkong Investment Management Co., Ltd. Other shares were diversely held by local SOEs in Sichuan Province and Chongqing Municipality. The ultimate controller of the Company is the Sichuan Provincial Department of Finance as of the same date.

Rating Rationale

Credit Strengths

Strategic position as the first cross-regional credit enhancement agency. SCCE was established in 2023 and is the first local financial institution jointly established by Sichuan Province and Chongqing Municipality. With bond credit enhancement as its core foundational business, SCCE provides full-category, full-chain credit enhancement services for direct financing of SOEs in the Sichuan-Chongqing region, and holds a certain degree of importance in the financial system of the area. In 2025, the Company’s credit enhancement business varieties achieved coverage of bond credit enhancement business including corporate bonds and non-financial enterprise debt financing instruments, while actively deepening its presence

in offshore bond businesses such as USD bonds and dim sum bonds, and vigorously developing asset securitization business.

Sufficient capital adequacy backed by strong SOE background. SCCE's relatively strong capital profile is supported by its strong shareholder background and manageable guarantee exposure, which provides the Company with a healthy loss-absorption buffer against unexpected market volatility. As of 31 December 2025, SCCE had registered and paid-in capital of RMB4.5 billion. As of the same date, SCCE's outstanding guarantee liabilities to net asset ratio was far lower than the regulatory ceiling.

Expanding business operations with rising profitability. SCCE had not yet commenced operations in 2023. In 2024, the Company accelerated its credit enhancement business expansion, acquiring client resources primarily through referrals from securities firms, banks, and other financial institutions, shareholder resource sharing, and independent marketing, generating operating revenue of RMB188.6 million. The return on equity maintained a steady upward trend from 1.8% in 2023 to 3.6% in 2025.

High likelihood to receive government and parental support when necessary. SCCE holds a relatively strong market position in regional guarantee services, and its failure would have certain implications for the capital markets of Sichuan Province and Chongqing Municipality, drawing attention to the reputation of its parent company and the government. Its controlling shareholder is SCFH, the only provincial-level financial holding platform controlled by the Sichuan Provincial Department of Finance, which is also the Company's ultimate controller. Given SCCE's important role, we believe the Company will retain its policy-driven function and market position over the medium to long term.

Credit Challenges

Relatively high geographic and client concentration. Given its regional strategic positioning, SCCE's guarantee asset portfolio is significantly geographically concentrated, primarily in the Chengdu-Chongqing region. As of 31 December 2025, the Company's largest single-client credit enhancement balance accounting for less than 10% of the Company's net assets in accordance with the relevant provisions on regulatory concentration indicators. In addition, the loan and investment businesses are also highly concentrated in the Sichuan-Chongqing region.

Relatively low level of risk reserve coverage. Since 2024, with the gradual implementation of its credit enhancement business, SCCE has begun to make provisions for credit enhancement risk reserves, with the reserve balance increasing accordingly. However, despite rapid business expansion, the provision to outstanding guarantee liability ratio edged up only slightly and remained relatively low within the industry.

Investment returns may subject to market conditions and policy changes. SCCE commenced its investment business in 2024. Entrusted loan clients are all urban investment enterprises within Chengdu City, with a tenor of one to two years. However, given the relatively large investment asset scale, continuous attention should be paid to the impact of market fluctuations on asset liquidity.

Rating Outlook

The stable outlook on SCCE's rating reflects our expectation that the willingness and ability of the Sichuan Provincial Government to provide support is unlikely to change. We also expect the Company to sustain its strategic position and solid financial profile in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government or parental support increases such as higher policy roles or greater strategic importance in Sichuan Province; and (2) the Company's institution profile has significantly strengthened such as improved profitability or risk reserve coverage.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government or parental support decreases such as the weakened strategic importance in Sichuan Province; or (2) the Company's institution profile deteriorates, such as a sharp decrease in capital adequacy or asset quality.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Financial Guarantors \(January 2022\)](#).

Regulatory Disclosures

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