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

Hong Kong, 9 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Chongqing Xiucheng Investment Group Co., Ltd. ("XCIG" or the "Company") at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of XCIG reflects the Xiushan County Government's (1) relatively strong capacity to provide support; and (2) extremely high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of the Xiushan County Government's capacity to provide support reflects its fast economic growth, but is constrained by its relatively weak fiscal strength and self-sufficiency capability.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) full and direct ownership by the Xiushan County Government; (2) status as an important construction and operation entity in Xiushan County; and (3) solid track record of receiving government support. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) increasing debt burden with certain short-term debt repayment pressure; (3) weak asset liquidity; and (4) medium exposure to contingent risks.

Corporate Profile

Established in 2018, XCIG, formerly known as Xiushan County Xingtai Industrial Co., Ltd., became an important construction and operation entity in Xiushan County after a series of equity transfers in 2021. The Company is mainly engaged in infrastructure construction and resettlement housing construction in Xiushan County as well as commercial businesses including engineering construction, real estate development, transportation, security and leasing. As of 30 June 2026, the State-owned Assets Supervision and Administration Office of Xiushan Tujia and Miao Autonomous County was the ultimate controller of the Company, directly holding 100% stakes of the Company.

Rating Rationale

Credit Strengths

Important infrastructure construction entity in Xiushan County. XCIG undertakes local infrastructure construction and resettlement housing construction in Xiushan County outside Xiushan High-tech Industrial Development Zone. As XCIG's infrastructure construction projects are crucial to local social and economic development, we believe that the Company's replacement cost is relatively high.

Solid track record of receiving government support. In recognition of its importance as a key state-owned assets operator in Xiushan County, XCIG has received recurring government support, including franchise rights, asset and capital injections from the Xiushan County Government. Since 2025, the local government has granted operation rights for utilization of sand and gravel, the disposal of construction waste, and parking spaces to the Company, with

total value of RMB924.0 million. Given XCIG's important strategic role in the region, we expect the Company will continue to receive support from the government in the future.

Credit Challenges

Medium exposure to commercial activities. XCIG also engages in various commercial activities, such as engineering construction, real estate development, transportation, security, and leasing. We consider XCIG's commercial business exposure to be medium, as its marked-driven business accounted for around 30% of its total assets. The Company is expected to expand its urban operation businesses, such as parking spaces, charging piles, security, funeral services, and health care, which will increase its exposure to commercial activities and capital expenditure pressure.

Increasing debt burden with certain short-term debt repayment pressure. As of 30 June 2026, the Company's total debt increased from RMB5.8 billion at end-2024 to RMB8.0 billion, with a total capitalization ratio of 46.5%. The Company is exposed to certain short-term debt repayment pressure as its short-term debt accounted for 26.2% of total debt and its cash to short-term debt ratio was 0.2x as of mid-2026.

Weak asset liquidity. As of 30 June 2026, the Company's total assets mainly consisted of less liquid assets such as inventories, long-term investment on stocks, and investment properties, totally accounting for around 72.9% of its total assets. Besides, it has a relatively high portion of restricted assets, which accounted for 18.1% of its total assets at mid-2026. The weak asset liquidity may undermine its financial flexibility.

Medium exposure to contingent risks. As of 31 December 2025, the Company's external guarantees amounted to RMB4.7 billion, accounting for about 50% of its net assets. Most of the external guarantees were provided to other local state-owned enterprises. We believe that the credit risk of the guarantees is moderately controllable, taking into account the government's support of local state-owned enterprises.

Rating Outlook

The stable outlook on XCIG'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 role as an important infrastructure construction entity in Xiushan County.

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 local government's willingness to provide support, such as reduced exposure to external guarantees or reduced exposure to commercial activities.

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's characteristics decrease the local government's willingness to provide support, such as reduced regional significance and reduced government payments.

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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