

Credit Opinion

30 September 2026

Ratings

Senior Unsecured Debt Rating	BBB _g +
Long-Term Credit Rating	BBB _g +
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Chengdu Xisheng Investment Group Co., Ltd.

Surveillance credit rating report

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

Summary

The BBB_g long-term credit rating of Chengdu Xisheng Investment Group Co., Ltd. ("CXIG" or the "Company") 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.

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 Pidu District.

Rating Drivers

- Important role as the most important infrastructure construction entity in Pidu District
- High sustainability for public policy projects
- Solid track record of receiving government payments
- Medium exposure to commercial activities
- High debt leverage
- Weak asset liquidity
- Enhanced financial stability by improving the funding structure

Rating Sensitivities

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.

Key Indicators

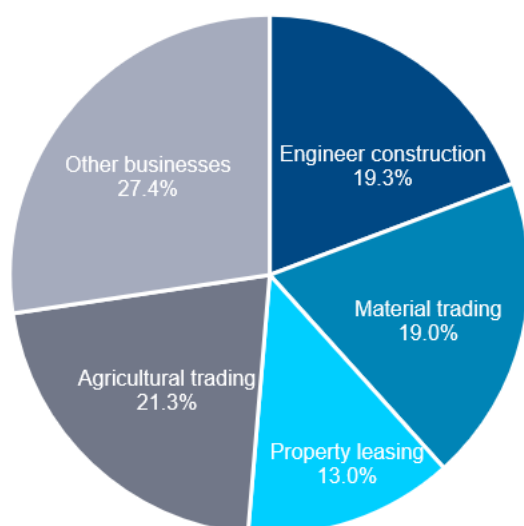
	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	105.1	113.6	122.8	126.9
Total Equity (RMB billion)	38.8	39.5	39.6	46.2
Total Revenue (RMB billion)	2.2	2.4	2.5	0.6
Total Debt/Total Capital (%)	59.0	61.6	64.3	61.4

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

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").

Exhibit 1. Revenue structure in 2025

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Pidū District Government has a strong capacity to provide support to the Company, given its good industrial resources, as well as increasing economic and fiscal strength.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2025, Sichuan recorded a gross regional product ("GRP") of RMB6.8 trillion, with a GRP growth rate of 5.5% year-on-year ("YoY"). Its general budgetary revenue increased to RMB585.4 billion.

Chengdu City is a sub-provincial city that serves as the capital city of Sichuan Province. Chengdu City is also an important economic and financial center, as well as a transportation and communication hub in Southwest China, with a solid economic foundation. Its economy is characterized by industries such as electronic information product manufacturing, machinery, automotive, metallurgy, building materials, and light industry. In 2025, Chengdu City achieved a GRP of RMB2.5 trillion, a YoY increase of 5.8%. The Chengdu Municipal Government's general budgetary revenue amounted to RMB200.1 billion in 2025. In 2025, its fiscal balance ratio was 74.7%, which was at a moderate level. In 2025, Chengdu's outstanding government debt increased to RMB722.4 billion, accounting for 29.2% of its GRP.

Exhibit 2. Key Economic and Fiscal Indicators of Chengdu City

	2023FY	2024FY	2025FY
GRP (RMB billion)	2,207.5	2,351.1	2,476.4
GRP Growth (%)	6.0	5.7	5.8
General Budgetary Revenue (RMB billion)	192.9	195.0	200.1
General Budgetary Expenditure (RMB billion)	258.7	261.0	268.0
Local Government Debt (RMB billion)	522.9	620.7	722.4

Source: Statistic Bureau of Chengdu City, CCXAP research

Pidū District is located in the northwest of Chengdu City. Relying on the industrialization of Sichuan cuisine, Pidū District has the largest Sichuan cuisine food industry brand incubation base in China. Supported by its

pillar industries, such as tourism, Sichuan cuisine, LED and electronic components, Pidū District has demonstrated ongoing economic growth in the past few years. In 2025, the GRP of Pidū District increased by 6.2% YoY to RMB86.9 billion. Pidū District Government's general budgetary revenue increased from RMB6.4 billion in 2024 to RMB6.6 billion in 2025, of which tax revenue accounted for 58.3% in 2025. Pidū District also has moderate fiscal self-sufficiency, with a fiscal balance rate of 75.8% in 2025. In addition, Pidū District has a moderate debt profile, with a government debt to GRP ratio of 26.1% in 2025.

Exhibit 3. Key Economic and Fiscal Indicators of Pidū District

	2023FY	2024FY	2025FY
GRP (RMB billion)	78.8	82.2	86.9
GRP Growth (%)	6.0	5.9	6.2
General Budgetary Revenue (RMB billion)	6.2	6.4	6.6
General Budgetary Expenditure (RMB billion)	8.1	8.8	8.7
Local Government Debt (RMB billion)	15.2	19.1	22.7

Source: Statistic Bureau of Pidū District, CCXAP research

Government's Willingness to Provide Support

Important role as the most important infrastructure construction entity in Pidū District

CXIG is the most important infrastructure construction and state-owned capital investment operation entity in Pidū district, with the largest total assets among the local state-owned enterprises. As the most important LIIFC in Pidū District, CXIG adheres to and implements the development plans for the continual development of Pidū District as devised by the local government. The Company focuses on urban construction, rural revitalization, and urban development. The Company has a relatively diversified business scope, including resettlement housing construction, shantytown renovation, and infrastructure construction in Pidū District. Considering the Company's high strategic significance to the development of Pidū 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, such as roads, schools, bridges, and resettlement houses. The Company's public projects cover three major sub-segments, namely, infrastructure construction, resettlement housing construction, and shantytown renovation. The Company has demonstrated strong business sustainability through its sufficient public project reserves, which, however, also exert certain capital expenditure pressure.

The public projects undertaken by the Company are mainly completed via the agency construction model. As of 31 March 2026, the Company had a large number of infrastructure construction projects and resettlement housing projects under construction, with a total planned investment of RMB7.3 billion and an outstanding amount of RMB2.0 billion. Moreover, the Company continues to conduct its shantytown renovation projects through a government purchase service model with self-raised funds. As of 31 March 2026, the Company had 3 shantytown renovation projects under construction, with a total planned investment of RMB3.3 billion and an outstanding amount of RMB1.3 billion. However, there is uncertainty about the sustainability of shantytown renovation projects; no significant investment has been made in shantytown reconstruction projects over the past year. Furthermore, the lagged repayment progress for the completed projects has resulted in a high reliance on external financing to support the construction work of the new projects.

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.

The engineering construction business is conducted via a general contracting model, in which the Company is responsible for the construction and management of the entire project, but not the investment and financing of the project. The Company has the first-level qualification for general contracting of construction projects, with business presence in Chengdu, Meishan, Suining, and Luzhou City. The projects under this segment are obtained via public bidding. From 2025 to 2026Q1, the Company's engineering construction business signed 52 new contracts with a total contract amount of RMB316.8 million. The revenue from engineering construction business increased from RMB212.5 million in 2024 to RMB310.3 million in 2025.

CXIG's property development business is market-oriented, as the Company is responsible for the construction of commercial housing projects and their subsequent sales. The Company's completed property development projects have all been sold and have received the full payment amount. As of 31 March 2026, the Company had 2 major property development projects under construction and planning, with expected total investment amount of RMB1.7 billion, and an outstanding amount of RMB1.6 billion. The Company recorded RMB112.9 million of revenue from property sales in 2025. As the property development business is greatly affected by the real estate market, the future income from property development is uncertain.

The Company also conducts agricultural product sales business, including procurement and sales of food and oil, and the preservation and rotation of local food reserves in Pidū District. As of 31 March 2026, the Company had 11 grain storage depots with an effective grain storage capacity of 69,700 tons and an oil depot capacity of 1,500 tons. In 2025, the revenue from agricultural product sales increased to RMB529.2 million. However, the profitability of this business is low due to certain public welfare nature of the business, with a gross profit margin of lower than 1% in 2025. Overall, the agricultural product sales business contributed little to the Company's gross profit.

CXIG's building material trading business mainly involves the production and sales of concrete mortar and sandstone to construction companies. As of 31 March 2026, the book value of the sandstone operation rights authorized to the Company is RMB12.3 billion. The Company has obtained the sandstone resources from six rivers in Pidū District with a total reserve of 1.4 million cubic meters, as well as from 147 planned construction land plots with a total reserve of 294.5 million cubic meters. The revenue from building material trading business decreased from RMB602.0 million in 2024 to RMB474.4 million in 2025.

The Company also provides several commercial activities in Pidū District, such as property leasing, medical services, car parking services, municipal planning, and surveying. Although these commercial activities have brought stable income to the Company, the small operating scales limit their contributions to the Company's overall revenue.

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. From 2023 to 2025, the

Company received total government subsidies of RMB31.4 million. The local government provided project construction funds of RMB1.4 billion to the Company in 2025, and paid-in capital injection of RMB642.0 million in 2026H1. The Company also regularly receives repayments for its public policy projects. In addition, the shantytown renovation projects under the government purchase service model are included in the fiscal budget of Pidū District Government, so the repurchase payments are more stable. Given CXIG's important strategic role, we expect the Company will continue to receive support from the Pidū District Government in the future.

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%. In addition, the Company has a relatively high short-term repayment pressure. As of 30 June 2026, its short-term debt accounted for 46.4% of its total debt, while the cash/short-term debt was 0.3x. 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.

The Company bears medium contingent credit risk arising from external guarantees. As of 31 March 2026, the Company had outstanding external guarantees of RMB8.7 billion, representing 21.8% of its net assets. The guaranteed parties are all local state-owned enterprises.

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. Inventories are mainly undeveloped land and investment costs for infrastructure construction projects, while receivables are mainly unreceived payments from the agencies of government or other state-owned companies, all of which are considered low liquidity. The relatively large amount of unreceived payments from the agency construction projects has caused capital occupation.

Good access to funding

The Company has good access to funding from banks and bond markets. It maintains good relationships with large domestic banks. As of 31 March 2026, it held a total credit facility of RMB52.3 billion and available credit facilities of RMB11.5 billion, indicating a sufficient liquidity buffer. The Company also has a track record of fund-raising activities in the debt capital markets. In 2025, the Company issued an onshore bond of RMB500.0 million with coupon rate of 2.62%, and an offshore bond of USD92.5 million with coupon rate of 4.95%. In addition, the Company had certain high-cost non-standard financing, such as financial leasing, accounting for less than 10% of total debt.

ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge, and other environmental matters issued by the national governmental authorities. CXIG assumes environmental risks for its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during construction.

CXIG is also exposed to social risks as it implements public policy initiatives by building public infrastructure in Pidū District. Demographic changes, public awareness, and social priorities shape the government's development strategy, and they will affect the government's propensity to support the Company.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its public-policy role and status as a government-owned entity. CXIG believes that it complies in all material respects with the applicable government regulations, rules, and executive orders in each jurisdiction in which it operates. The Company maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the licenses, concessions, permits, or certificates.

Structural consideration

CXIG's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its important position in the infrastructure construction in Pidū District, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

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

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