

## **CCXAP affirms Baoying Development Investment Co., Ltd.'s long-term credit rating at BBB<sub>g-</sub>, with stable outlook.**

Hong Kong, 31 March 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Baoying Development Investment Co., Ltd. (“BDIC” or the “Company”) at BBB<sub>g-</sub>, with stable outlook.

The BBB<sub>g-</sub> long-term credit rating of Baoying Development Investment Co., Ltd. (“BDIC” or the “Company”) reflects (1) Baoying County Government’s strong capacity to provide support; and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the Baoying County Government’s capacity to provide support reflects Baoying County’s comprehensive strength complemented with its geographic advantage, and modest fiscal profile.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) key role as the primary platform for infrastructure construction in Baoying Economic Development Zone (“Baoying EDZ”); and (2) track record of receiving government support. However, the rating is constrained by the Company’s (1) large investment needs from self-operated projects; (2) increasing debt level with a relatively high short-term debt burden; and (3) large external guarantee associated with local state-owned enterprises (“SOEs”).

### **Corporate Profile**

Founded in 2003, BDIC is one of the key local infrastructure investment and financing companies (“LIIFCs”) in Baoying County. It is mainly responsible for construction projects of infrastructure, resettlement housing, factory building, as well as land consolidation in Baoying EDZ. The Company also participates in commercial activities such as plant leasing and industrial park construction. In November 2024, to promote high-quality development of the state-owned enterprises, 30% of the Company’s equity held by Jiangsu Baoying Economic Development Holding Co., Ltd. (“BEDH”) was transferred to Baoying County Financial Service Centre (“Baoying FSC”) without compensation. As of 30 September 2025, the Company was directly owned and controlled by Baoying County Financing Service Centre (“Baoying FSC”).

### **Rating Rationale**

#### **Credit Strengths**

**Primary platform for infrastructure construction in Baoying EDZ.** BDIC plays a key role in promoting the social and economic development of Baoying EDZ and is designated to carry out the directions and policies for the development of the Baoying County Government. BDIC is mainly responsible for infrastructure construction, factory building, resettling housing, and land consolidation in Baoying EDZ and two towns under the jurisdiction of Baoying County. We believe that the important strategic position of the Company to Baoying EDZ’s economic development and public welfare is unlikely to be replaced in the short-to-medium term.

**Track record of receiving government support.** BDIC has received ongoing support from the Baoying County Government including capital injections, project payments, operational subsidies and asset transfers. Moreover, the Company continued to receive payments for its infrastructure construction projects. Given the Company's strong public policy role with its project reserves in the Baoying EDZ, we expect the Company will continue to receive government payments over the next 12 to 18 months.

### Credit Challenges

**Relatively high short-debt burden and moderate asset liquidity.** The Company's short-term debt burden remained relatively high, accounting for 35.9% of total debt. At the same time, the Company's cash to short-term debt ratio was 0.3x, indicating that its cash balance was insufficient to cover its short-term debt. Given the Company's large capital expenditure arising from its self-operated projects, we expect the Company's total debt will continue to grow in the next 12 to 18 months. In addition, the Company's asset liquidity is moderate, as its total assets mainly consist of other receivables and contract assets.

**Reliance on the funding from capital market.** BDIC has fair access to different sources of funding including bank loans, onshore and offshore bond issuances, which may partially release capital expenditure pressure and liquidity profile. However, the Company's high reliance on direct financing may weaken the financing stability of the Company particularly when facing market fluctuations in the capital market. For instance, the tightening of LIIFC's funding condition may raise the consolidated cost of debt issuance, imposing further refinancing pressure on the Company.

**Large external guarantee associated with local SOEs.** BDIC demonstrated relatively high exposure to contingent liabilities, which could potentially increase its repayment obligations. All external guarantees were provided to other local SOEs in Baoying County without counter-guarantee measures. However, in case a credit event occurs, the Company may face certain contingent liability risks and cross default risks, which is negative to its credit quality.

### Rating Outlook

The stable outlook on BDIC's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Baoying County over the next 12-18 months.

#### What could upgrade the rating?

The rating could be upgraded if (1) Baoying County Government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved financing ability and reduction in the exposure to external guarantee.

#### What could downgrade the rating?

The rating could be downgraded if (1) Baoying County Government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local



government's willingness to provide support, such as reduced regional importance or weakened government support.

### **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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