CCXAP affirms Chengdu Sino French Ecological Park Investment Development Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 27 August 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Chengdu Sino French Ecological Park Investment Development Co., Ltd. ("SFEP" or the "Company") at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed the Company's senior unsecured debt rating (ISIN: XS3151388173) at BBB_g+, senior unsecured debt rating (SBLC-supported, ISIN: XS3177847756) at A_g-, and senior unsecured debt rating (guaranteed, ISIN: XS3146728285) at A_g+, respectively.

The BBB_g+ long-term credit rating of SFEP reflects Longquanyi District Government's very strong capacity and very high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of Longquanyi District Government's capacity to provide support reflects Longquanyi District's economic importance in Chengdu City, with good economic fundamentals and fiscal strengths.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) monopolistic business position in Chengdu Sino-French Ecological Park; (2) good record of receiving government payments; (3) high sustainability of its public service business; and (4) access to various funding channels. However, the Company's rating is constrained by its (1) medium exposure to commercial activities; (2) high debt leverage and short-term repayment pressure; (3) weak asset liquidity; and (4) medium contingent risk.

Corporate Profile

Founded in 2018, formerly known as Chengdu Eiffel Construction and Development Co., Ltd., and designated by the Longquanyi District Government, SFEP is a key investment and operation entity of the Sino-French Ecological Park in the Longquanyi District, which is also known as the Chengdu Economic and Technological Development Zone ("Chengdu ETDZ"), Chengdu City. The Company is dedicated to Sino-French Ecological Park development, and is responsible for a variety of work such as construction plan formulation, construction of infrastructure and public facilities, investment promotion, and other relevant services in the Sino-French Ecological Park. Apart from its main business, the Company also engages in other commercial business, such as leasing and self-operating projects.

In 2025, Chengdu Economic and Technological Development Zone Jinfa Equity Investment Center (Limited Partnership) transferred all its shares in SFEP to Chengdu Economic Development Industrial Investment Group Co., Ltd. ("CEDI"). The Company also received capital injection of RMB901.0 million from Chengdu Economic Development Xinrong Enterprise Management Partnership (Limited Partnership), of which RMB674.0 million was recognized as paid-in capital and RMB227.0 million as capital reserve. As of 31 March 2026, Chengdu Economic Development Industrial Investment Group Co., Ltd. ("CEDI") owned 88.46% of the Company's shares, while Chengdu Economic Development Xinrong Enterprise Management

Partnership (Limited Partnership) owned the remaining 11.54%. The ultimate controller of the Company is the Chengdu Economic and Technological Development Zone Management Committee ("Chengdu ETDZ Management Committee").

Rating Rationale

Credit Strengths

Monopolistic business position in Chengdu Sino-French Ecological Park. SFEP is one of the major subsidiaries of CEDI and the only LIIFC in the Chengdu Sino-French Ecological Park. It has a monopolistic position as the Company is solely entrusted by the Chengdu ETDZ Government to develop the park. Chengdu ETDZ Management Committee authorized the Company to implement a closed operation of the Sino-French Ecological Park, including land development and infrastructure construction. It has strong strategic functions in operation, investments and construction in the Sino-French Ecological Park.

High sustainability of its public service business. SFEP continues to focus on the development of major infrastructure construction in Chengdu Sino-French Ecological Park. The Company entered into a cooperation agreement with the Chengdu ETDZ Management Committee with respect to its main business projects. The Company has a large number of public projects in the pipeline (mainly located in Sino-French Ecological Park), which ensure high sustainability of its public service business.

Good record of receiving government payments. As a state-owned enterprise ultimately controlled by the local government in Chengdu ETDZ, the Company regularly receives financial support and certain preferential treatments from the Chengdu ETDZ Management Committee. These supports come in various forms, such as favorable policies, special government bonds and government grants and subsidies. For example, In 2025, the Company received capital injection of RMB901.0 million, reflected in increases in paid-in capital and capital reserve.

Access to various funding channels. The Company has access to various funding channels. As of 31 March 2026, bank financing and debt financing instruments accounted for over 70% and 8% of its interest-bearing financial liabilities, respectively. The Company has actively expanded its financing channels since 2024, and it significantly reduced its reliance on non-standard financing. The Company also issued offshore bonds with an issuance amount of USD300.0 million in 2025.

Credit Challenges

Medium exposure to commercial activities. Apart from public projects, the Company also engages in property leasing and the construction of self-operating projects. We consider SFEP's commercial business exposure to be medium as its market-driven assets accounted for 25% to 30% of its total assets as of 31 March 2026.

High leverage level and short-term repayment pressure. The substantial investment in projects and relatively slow project repayment resulted in high debt leverage of the Company. The Company's total debt increased from RMB26.3 billion at end-2024 to RMB33.3 billion as of 31 March 2026, with its capitalization ratio increased and remained at a high level. Its debt maturity profile improved, as short-term debt decreased from 41.6% to 26.1% over the same period. However, the cash to short-term debt ratio was merely 0.1x as of 31 March 2026, indicating continued liquidity pressure. Given the Company's large capital expenditure pressure from the ongoing construction projects, we expect the Company will maintain a relatively high debt leverage for the next 12-18 months.

Weak asset liquidity. As of 31 March 2026, receivables and inventories were RMB32.0 billion and RMB8.9 billion, respectively, making up 86.3% of its total assets. Receivables are mainly the investment cost incurred by other construction entities in the Sino-French Ecological Park, which the Company is entitled to collect subsequently, while inventories mainly include the development cost of construction projects. We assess the liquidity of these assets to be low.

Medium contingent risk associated with external guarantee. As of end-2025, the Company's external guarantees increased from RMB7.5 billion to RMB10.9 billion, accounting for 91.7% of its net assets. As the external guarantees were mainly provided to local state-owned enterprises, we believe the contingent risk is medium. If credit events occur, we believe the government is likely to provide necessary support.

Rating Outlook

The stable outlook on SFEP's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role, being the key investment and operation entity in the Sino-French Ecological Park within 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to support strengthens; and (2) changes in company's characteristics enhance local government's willingness to support, such as increased strategic significance or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to support weakens; or (2) changes in company's characteristics decrease the local government's willingness to support, such as reduced strategic significance or increased exposure to commercial activities.

Rating Methodology

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

The methodology used in the SBLC bank's assessment is the Rating Methodology for Banks (November 2021).

The methodology used in the guarantor's assessment is the Rating Methodology for Financial Guarantors (January 2022).

Regulatory Disclosures

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Christy Liu
Assistant Director of Credit Ratings
+852-2860 7127
christy_liu@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address:	Suites 1904-1909, 19/F, Jardine House,
	1 Connaught Place, Central, Hong Kong
Website:	www.ccxap.com
Email:	info@ccxap.com
Tel:	+852-2860 7111
Fax:	+852-2868 0656