CCXAP assigns first-time long-term credit rating of BBB_g+ to Chengdu Tianfu Dagang Group Co., Ltd., with stable outlook.

Hong Kong, 27 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of BBB_g+ to Chengdu Tianfu Dagang Group Co., Ltd. ("CTDG" or the "Company"), with stable outlook.

The BBB_g+ long-term credit rating of CTDG reflects Jintang County Government's (1) 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 Jintang County Government's capacity to support reflects its ongoing economic growth, relatively good investment potential, and expected support from the Chengdu Municipal Government.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) ultimate control by the Jintang County Government; (2) important role in local infrastructure construction and utility services; 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) weak asset liquidity; and (3) moderate exposure to contingent liabilities.

Corporate Profile

Founded in January 2018, CTDG is a key local state-owned enterprise and a key local infrastructure investment and financing company in Jintang County, Chengdu City, Sichuan Province. The Company is primarily responsible for urban infrastructure construction, urban renewal, resettlement housing construction, and state-owned asset operation in Jintang County. Apart from public projects, it also engages in commercial activities such as self-operated project construction, property development and leasing, trading, and financing guarantee services. As of 30 June 2026, CTDG was wholly owned and directly controlled by the State-owned Assets Supervision and Administration Bureau of Jintang County. The Jintang County Government was the ultimate controller of the Company.

Rating Rationale

Credit Strengths

Important role in local infrastructure construction and utility services. CTDG is an important infrastructure construction and state-owned asset operation entity in Jintang County, primarily responsible for urban infrastructure, resettlement housing, and water-related infrastructure construction. The Company had the largest total assets among the county's three major local infrastructure investment and financing groups as of 30 June 2026. Considering its high strategic significance to the development of Jintang County, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future. Its sizeable project portfolio supports the sustainability of its public activities but also exerts relatively large capital expenditure pressure.

Solid track record of receiving ongoing government support. CTDG has received various types of government support since its establishment through capital injections, asset transfers, subsidies and project repayment. Capital contributions and injections of operating rights have strengthened the Company's equity base, while government subsidies have supported its profitability and daily operation. Considering CTDG's important strategic role and government ownership, we expect that extraordinary government support would be extended if needed.

Access to multiple financing channels. CTDG mainly relies on bank borrowings and bond issuances for external funding. The Company has good banking relationships with both commercial banks and policy banks, with unused bank credit facilities providing some liquidity buffer. It also has continued access to the debt capital market through onshore and offshore bond issuances. CTDG also uses non-standard financing, which accounts for a relatively small proportion of its total debt.

Credit Challenges

Medium exposure to commercial activities. In addition to public activities, CTDG is involved in commodity sales, self-operated project construction, property sales, asset leasing, and financing guarantees. We consider its overall exposure to commercial activities to be medium. Commodity trading generates a thin gross profit margin, while the construction of self-operated projects brings further capital expenditure requirements. The Company's property development business has recorded negative gross profit margins due to the high costs accumulated in existing projects. It is exposed to inventory destocking pressure and potential asset impairment risk, especially under the downturn of the real estate market.

Short-term debt repayment pressure and weak asset liquidity. CTDG's debt burden has increased in recent years, although its total capitalization ratio remains at a reasonable level. The Company has short-term debt repayment pressure given its relatively low cash coverage of short-term debt. Considering the ongoing investment in infrastructure and self-operated projects, we expect the Company to remain reliant on project collections and refinancing over the next 12 to 18 months. In addition, CTDG's asset liquidity is relatively weak. Receivables, inventories, and intangible assets account for the majority of its total assets and are considered to have low liquidity. A portion of its assets is also restricted.

Moderate exposure to contingent liabilities. CTDG has moderate exposure to contingent liability risk. The Company also engages in financial guarantee business, mainly serving local state-owned enterprises and small and micro enterprises in Jintang County, with all financial guarantees backed by counter-guarantee measures. Most external guarantees are provided to local state-owned entities, which are likely to be supported by the local government when necessary.

Rating Outlook

The stable outlook on CTDG's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important role in local infrastructure construction and utility services in Jintang County over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Jintang County Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as lower exposure to risky commercial activities or lower exposure to contingent risks.

What could downgrade the rating?

The rating could be downgraded if (1) Jintang County Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as reduced strategic significance or weakened funding ability.

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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