

Credit Opinion

26 September 2025

Chengdu Economic Development Industrial Investment Group Co., Ltd.

Surveillance credit rating report

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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CCXAP affirms Chengdu Economic Development Industrial 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 Economic Development Industrial Investment Group Co., Ltd. (“CEDI” or the “Company”) reflects Longquanyi District Government’s (1) very strong capacity to provide support, and (2) 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 that 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 support, which is based on the Company’s (1) position as the key entity responsible for industrial development and operation in Longquanyi District; (2) good track record of receiving government payments; and (3) high sustainability of its public services business.

However, the rating is constrained by the Company’s (1) relatively high debt leverage level and short-term repayment pressure; (2) relatively large reliance on high-cost non-standard financing; and (3) relatively high contingent risk associated with external guarantee.

The stable outlook on CEDI’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 entity for infrastructure construction, and industrial development and operation entity in Longquanyi District over the next 12-18 months.

Rating Drivers

- Key entity responsible for industrial development and operation in Longquanyi District
- High sustainability of its public services business
- Good track record of receiving government payments
- Low exposure to commercial activities
- Relatively high debt leverage level and short-term repayment pressure
- Relatively large reliance on high-cost non-standard financing
- Relatively high contingent risk associated with external guarantee

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to support strengthens; or (2) changes in company characteristics enhance the local government's willingness to support, such as reduced reliance on non-standard financing 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 characteristics decrease the local government's willingness to support, such as reduced strategic significance or increased exposure to commercial activities.

Key Indicators

	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	134.9	138.7	144.4	148.6
Total Equity (RMB billion)	40.6	41.7	42.6	42.4
Total Revenue (RMB billion)	6.8	7.1	4.6	0.2
Total Debt/Total Capital (%)	68.2	67.9	68.3	68.5

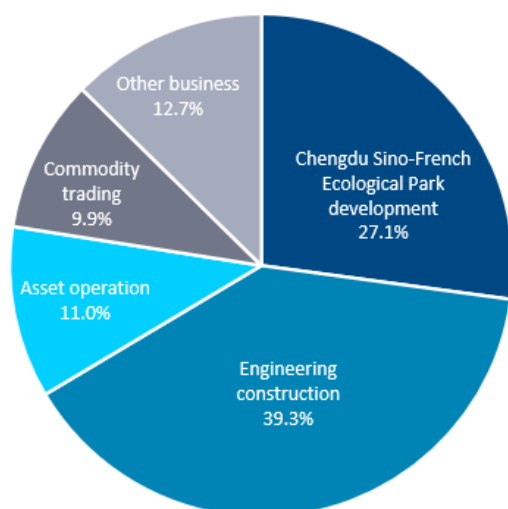
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company information, CCXAP research

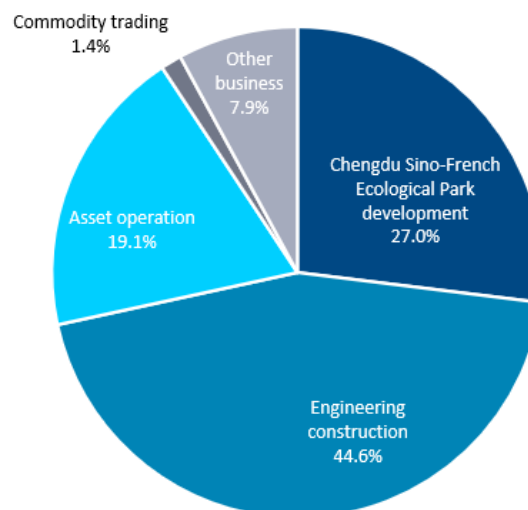
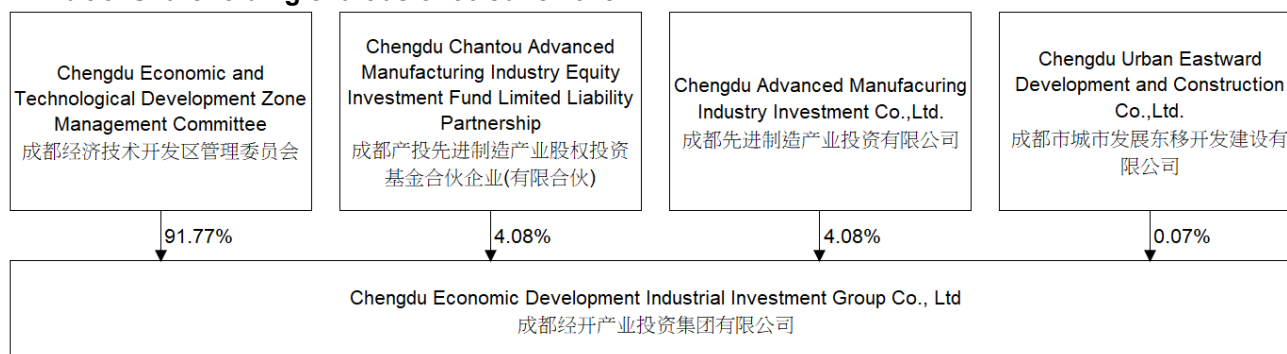
Corporate Profile

CEDI is a key entity responsible for infrastructure construction and industrial development and operation in the Longquanyi District, which is also known as the Chengdu Economic and Technological Development Zone ("Chengdu ETDZ"), Chengdu City. The Company is primarily responsible for the development and operation of the Sino-French Ecological Park, rural revitalization projects, and infrastructure development in Longquanyi District. Apart from public projects, the Company also derives revenue from businesses such as self-operating projects, engineering construction, and asset operation.

As of 30 June 2025, Chengdu Economic and Technological Development Zone Management Committee ("Chengdu ETDZ Management Committee"), the ultimate controller of CEDI, owned 91.77% of the Company's shares.

Exhibit 1. Revenue Structure in 2024

Source: Company information, CCXAP research

Exhibit 2. Gross Profit Structure in 2024**Exhibit 3. Shareholding chart as of 30 June 2025**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Longquanyi District Government has a strong capacity to provide support to the Company given its economic importance in Chengdu City, with good economic fundamentals and fiscal strengths, but fast regional debt growth.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2024, Sichuan recorded a gross regional product ("GRP") of RMB6.5 trillion, with a GRP growth rate of 5.7% year-on-year ("YoY"). Its general budgetary revenue increased to RMB563.5 billion, up by 1.9% YoY. In 2025H1, Sichuan achieved a GRP of RMB3.2 trillion, a YoY increase of 5.6%.

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 the light industry. In 2024, Chengdu achieved a GRP of RMB2.4 trillion, a YoY increase of 5.7%. The Chengdu Municipal Government's general budgetary revenue amounted to RMB195.0 billion in 2024, a YoY increase of 1.1%. However, the increase in general budgetary revenue was mainly attributable to the increase in non-tax revenue,

which is considered to be less sustainable. In 2024, the tax revenue of Chengdu City declined to RMB137.4 billion from RMB145.0 billion in 2023. In 2024, its fiscal balance ratio was 74.7%, which was at a moderate level. In 2024, Chengdu's outstanding government debt increased to RMB620.7 billion, with an increasing trend, accounting for 26.4% of its GRP. In 2025H1, Chengdu achieved a GRP of RMB1.2 trillion, with a YoY increase of 5.8%.

Exhibit 4. Key Economic and Fiscal Indicators of Chengdu City

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,081.8	2,207.5	2,351.1
GRP Growth (%)	2.8	6.0	5.7
General Budgetary Revenue (RMB billion)	172.2	192.9	195.0
General Budgetary Expenditure (RMB billion)	243.5	258.7	261.0
Local Government Debt (RMB billion)	464.1	522.9	620.7

Source: Statistic Bureau of Chengdu City, CCXAP research

Longquanyi District is close to the five central districts of Chengdu City, and is a high-end manufacturing center in southwest China. Located in Longquanyi District, Chengdu ETDZ was approved by the State Council as a national-level economic development zone in 2000. Chengdu ETDZ combined the government administration with Longquanyi District and was unified in government management, local planning, and financing. Relying on the development of the automobile and auto parts industries, the economy of Longquanyi District has developed rapidly in recent years.

Longquanyi District's GRP increased from RMB150.3 billion in 2023 to RMB158.6 billion in 2024, representing a YoY growth of 4.1%, accounting for about 6.8% of Chengdu's GRP. Longquanyi District Government's general budgetary revenue significantly increased from RMB8.5 billion in 2023 to RMB10.9 billion in 2024, with a YoY growth of 27.1%. Both GRP and general budgetary revenue ranked 3rd among 20 districts/counties in Chengdu City. However, the rise in general budgetary revenue was mainly from non-tax income. The tax income accounted for 54.5% of general budget revenue in 2024, indicating moderate fiscal stability. Longquanyi District has relatively good fiscal self-sufficiency, with an average fiscal balance ratio of 69.3% over the past three years. In addition, Longquanyi District's outstanding government debt increased rapidly to RMB43.5 billion in 2024, accounting for 27.4% of its GRP. In 2025H1, Longquanyi District recorded GRP of RMB80.3 billion, with a YoY increase of 7.2%.

Exhibit 5. Key Economic and Fiscal Indicators of Longquanyi District

	2022FY	2023FY	2024FY
GRP (RMB billion)	154.6	150.3	158.6
GRP Growth (%)	1.8	6.1	4.1
General Budgetary Revenue (RMB billion)	7.5	8.5	10.9
General Budgetary Expenditure (RMB billion)	11.6	12.6	14.5
Local Government Debt (RMB billion)	26.3	31.2	43.5

Source: Statistic Bureau of Longquanyi District, CCXAP research

Government's Willingness to Provide Support

Key entity responsible for industrial development and operation in Longquanyi District

There are 3 major Local Infrastructure Investment and Financing Companies ("LIIFCs") in Longquanyi District, including CEDI, Chengdu Jingkai Guotou Investment Group Co., Ltd., and Chengdu Economic Development

Holding Group Co., Ltd. CEDI is mainly responsible for the industrial development and operation in Longquanyi District, including the regional development of Sino-French Ecological Park. With industrial development projects covering different areas such as rural revitalization and Sino-French Ecological Park, we believe the Company's important position in Longquanyi District will not be easily changed in the foreseeable future.

High sustainability of its public services business

The major subsidiary of the Company, Chengdu Sino-French Ecological Park Investment Development Co., Ltd. ("SFEP"), is the sole entity focusing on the development of major infrastructure construction in Chengdu Sino-French Ecological Park. We expect that the projects in the pipeline can ensure the sustainability of public policy business, but also exert large capital expenditure pressure on the Company.

Located in Chengdu ETDZ with a total area of 131 square kilometers, Chengdu Sino-French Ecological Park is a program under the cooperation between China and France, concentrating on energy-saving and environment-friendly technologies and relevant products. The Company entered into a cooperation agreement with the Chengdu ETDZ Management Committee with respect to its main business projects. CEDI undertakes the construction work for the government regarding infrastructure and public facilities in the Sino-French Ecological Park. In return, the Company is entitled to obtain part of the government fund revenue generated from the sale of land use rights in the Sino-French Ecological Park, and part of the value-added tax revenue generated within the Sino-French Ecological Park, as its operating revenue. As of 31 December 2024, CEDI had 9 main Sino-French Ecological Park infrastructure projects under construction or planning, with an estimated total investment amount of RMB10.2 billion and an outstanding amount of RMB5.4 billion.

Besides, the Company is also in charge of infrastructure construction projects in Longquanyi District other than Sino-French Ecological Park under three models, namely agency construction, project repurchase, and government purchase services. The projects the Company undertook covered different areas, mainly industrial parks, ecological emigration, and rural revitalization projects. We believe these projects are closely in line with the local development plan. As of end-2024, the Company had 13 major projects under construction, with a total planned investment of RMB16.7 billion and an uninvested amount of RMB3.8 billion.

Good track record of receiving government payments

CEDI has a track record of receiving payments from the Longquanyi District Government. These payments take various forms, such as government subsidies and asset injections. In 2024, the Company received the equity interests of land and tourism company from the local government, with a total value of RMB330.0 million. From 2024 to 2025Q1, the Company also received government subsidies of RMB56.0 million. Considering the economic and financial growth of Longquanyi District, as well as the progress of Chengdu Eastbound Strategy, we expect the Company will continue to receive support from the local government in the future.

Low exposure to commercial activities

Apart from public projects, the Company also engages in commodity sales, property leasing, and the construction of self-operating projects. We consider CEDI's commercial business exposure to be low, as its commercial business-related assets accounted for around 15% of the Company's total assets.

The Company engages in the commodity sales business, covering mineral products, steel, coal, metal materials, and building materials. In 2024, due to the shrinkage of the business scale, the revenue from the commodity sales business decreased by 47.5% YoY to RMB456.0 million, but the gross profit margin improved from 0.3% in 2023 to 2.6% in 2024. The upstream and downstream enterprises of this segment accounted for 71.4% of

total procurement and 40.0% of total sales, indicating certain concentration risks. Nevertheless, as the counterparties are mainly state-owned enterprises, the counterparty risk is manageable.

The Company participates in the asset operation business, which mainly involves the leasing of office buildings, plants, and shops, providing a stable supplementary income to the Company. In 2024, the asset operation business recorded a revenue of RMB510.4 million with a 40.2% YoY increase, but the segmental gross margin decreased to 32.0%, mainly due to the large scale of newly developed properties, which have not been fully rented.

In addition, the Company also engages in the construction of self-operating projects, and the Company mainly achieves a balance between revenue and expense through obtaining operating income from government purchase and market leasing. As of end-2024, the Company had 2 major self-operated projects under construction, both related to new energy vehicles, with a total planned investment of RMB2.1 billion and an uninvested amount of RMB1.7 billion. The self-operating projects brought certain capital expenditure pressure to the Company.

Relatively high debt leverage level and short-term repayment pressure

With ongoing public and commercial construction projects, CEDI has maintained relatively high debt leverage and faces certain short-term repayment pressure. The Company's total debt (including perpetual bonds) increased from RMB88.1 billion at end-2023 to RMB92.0 billion at end-2025Q1, with its capitalization ratio increasing from 67.9% to 68.5% during the same period. The short-term debt pressure was relatively large, although the short-term debt ratio decreased from 46.3% at end-2023 to 38.9% at end-2025Q1. The cash-to-short-term debt ratio has also improved, but was still low at 0.3x at end-2025Q1, indicating relatively high short-term repayment pressure. Given the Company's large capital expenditure pressure, we expect the Company to maintain a relatively high debt leverage for the next 12-18 months.

Meanwhile, the Company has a weak asset liquidity profile. As of end-2025Q1, inventory, receivables, and non-current assets collectively accounted for around 60% of its total assets. Inventory is mainly the construction cost; receivables are mainly project settlement and repayments, and non-current assets are mainly receivables arising from public projects and other non-current assets, such as public projects and land reserve. We assess the liquidity of these assets to be low. The restricted asset of the Company was RMB15.9 billion, representing 37.0% of its net assets as of 31 December 2024.

Relatively large reliance on high-cost non-standard financing

The funding channels of the Company are well diversified, but the portion of non-standard borrowing is high. As of 31 March 2025, the Company had a relatively large amount of high-cost non-standard financing, which accounted for 17.8% of total debt. The Company's overall financing cost was about 5.5%, while the non-standard financing cost was around 8.3%. Around 27.2% of debt was provided by both onshore and offshore debt capital markets. From January 2024 to August 2025, the Company and its subsidiaries had raised RMB12.5 billion from the onshore debt capital market and USD400.0 million from the offshore debt capital market. In addition, the Company has maintained a good relationship with large domestic banks, with an average financing cost of 5.4%. CEDI held a total facility of RMB99.0 billion and an available facility of RMB33.1 billion as of 31 December 2024, which is likely to provide a credit cushion when necessary.

Relatively high contingent risk associated with external guarantees

CEDI has a relatively large exposure to contingent liabilities risk. As of 31 March 2025, the Company provided

external guarantees of RMB13.6 billion, representing 31.9% of its net asset. We consider the exposure of the external guarantee to be relatively high. Given that the external guarantees are provided to local state-owned enterprises, if credit events occur, we believe the government is likely to provide necessary support, which may provide some buffer against relevant risks.

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. CEDI assumes environmental risks for its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

CEDI is also exposed to social risks as it implements public policy initiatives by building public infrastructure in Longquanyi 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.

Structural Consideration

CEDI'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 role in local industrial development and operation in Longquanyi 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 \(July 2022\)](#).

Appendix

Exhibit 6. Peer Comparison

	Chengdu Economic Development Industrial Investment Group Co., Ltd.	Chengdu Xingdong Rural Development Group Co., Ltd.	Chengdu Sino French Ecological Park Investment Development Co., Ltd.
Long-Term Credit Rating	BBB _g ⁺	BBB _g	BBB _g ⁺
Shareholder	Management Committee of Chengdu Economic and Technological Development Zone	CEDI	CEDI (96.77%), Chengdu ETDZ Jinfa Equity Investment Fund Center (3.23%)
Positioning	Responsible for development of Sino-French Ecological Park and infrastructure construction in Longquanyi District.	Responsible for agricultural development and rural revitalization in Longquanyi District.	Responsible for the construction of infrastructure and public facilities, investment promotion, and other relevant services in the Sino-French Ecological Park
Total Asset (RMB billion)	144.4	46.1	40.7
Total Equity (RMB billion)	42.6	16.0	10.8
Total Revenue (RMB billion)	4.6	2.2	1.6
Total Debt/Total Capital (%)	68.3	58.7	70.9

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

Source: Company information, CCXAP research

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