

Credit Opinion

1 August 2025

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

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Chengdu Sino French Ecological Park Investment Development Co., Ltd.

Surveillance credit rating report

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

Summary

CCXAP has upgraded the long-term credit rating of Chengdu Sino French Ecological Park Investment Development Co., Ltd. ("SFEP" or the "Company") to BBB_g from BBB_g, with stable outlook. The rating upgrade reflects that the Company's strategic importance as the sole entity responsible for infrastructure construction in Chengdu Sino-French Ecological Park, with improved funding structure and financing capability.

The BBB_g long-term credit rating of SFEP 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 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; and (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.

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.

Rating Drivers

- Monopolistic business position in Chengdu Sino-French Ecological Park
- High sustainability of its public service business
- Medium exposure to commercial activities
- Good record of receiving government payments
- High debt leverage and short-term repayment pressure
- Access to various funding channels
- Weak asset liquidity
- Medium contingent risk

Rating Sensitivities

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.

Key Indicators

	2022FY	2023FY	2024FY
Total Asset (RMB billion)	36.0	38.9	40.7
Total Equity (RMB billion)	9.7	10.7	10.8
Total Revenue (RMB billion)	3.6	3.5	1.6
Total Debt/Total Capital (%)	71.1	70.5	70.9

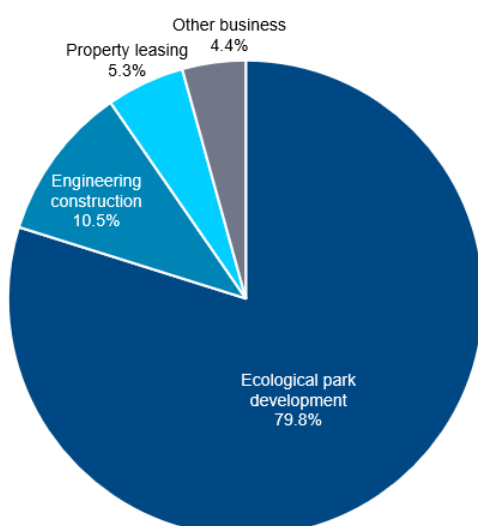
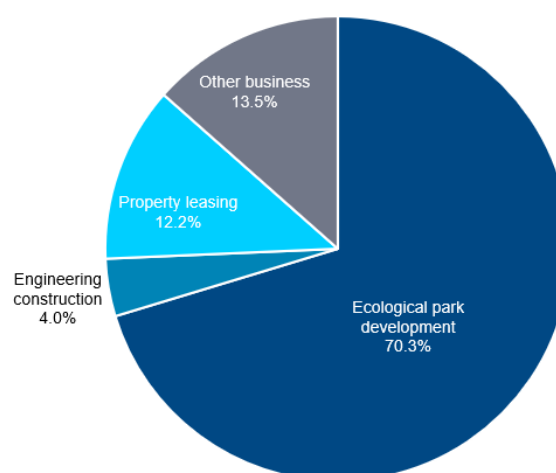
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company information, CCXAP research

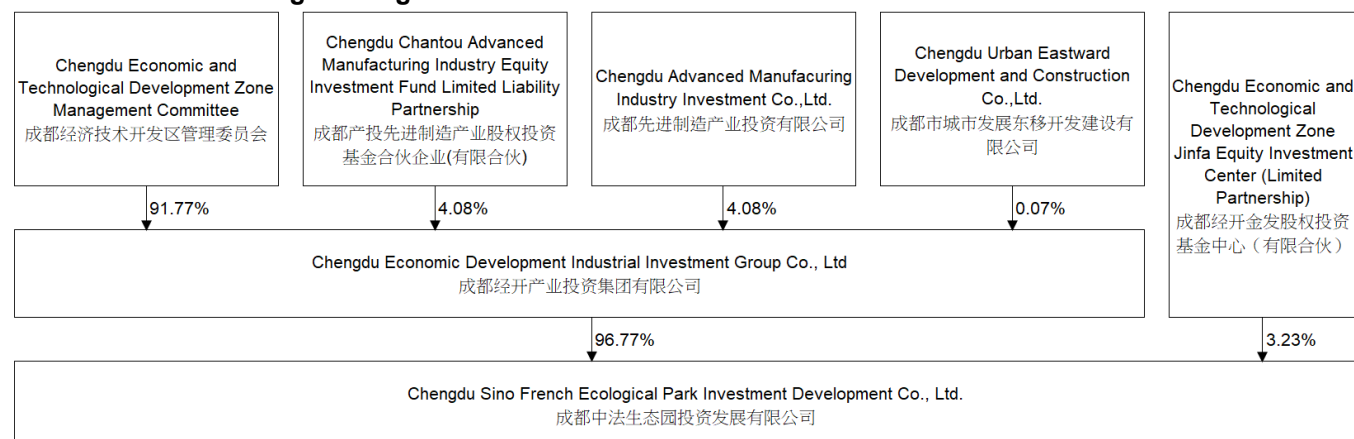
Corporate Profile

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.

As of end-2024, Chengdu Economic Development Industrial Investment Group Co., Ltd ("CEDI") owned 96.77% of the Company's shares, and the ultimate controller of the Company is the Chengdu Economic and Technological Development Zone Management Committee ("Chengdu ETDZ Management Committee").

Exhibit 1. Revenue Structure in 2024**Exhibit 2. Gross Profit Structure in 2024**

Source: Company information, CCXAP research

Exhibit 3. Shareholding and organization chart as of 31 December 2024

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 2025Q1, Sichuan achieved a GRP of RMB1.5 trillion, a YoY increase of 5.5%.

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 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 2025Q1, Chengdu achieved a GRP of RMB593.0 billion, with a YoY increase of 6.0%.

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 RMB 150.3 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 2025Q1, Longquanyi District recorded GRP of RMB39.6 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

Chengdu Sino-French Ecological Park is located in Chengdu ETDZ with a total area of 131 square kilometers, which is a program under the cooperation between China and France concentrating on energy-saving and

environment-friendly technologies and relevant products. The excellent location and great development potential of the Sino-French Ecological Park have driven its need for infrastructure construction, public facilities, and ancillary services, which in turn provide SFEP with great opportunities for business growth.

Government's Willingness to Provide Support

Monopolistic business position in Chengdu Sino-French Ecological Park

There are 3 major Local Infrastructure Investment and Financing Companies ("LIIFCs") in Longquanyi District, including CEDI, Chengdu Jingkai Guotou Investment Group Co., Ltd. ("CJGI"), and Chengdu Economic Development Holding Group Co., Ltd. ("CEDH"). CEDI is mainly responsible for the industrial development in Longquanyi District. 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.

In addition, the Company is responsible for the operation and construction of the industrial parks in Longquanyi District. As a sole LIIFC in the Sino-French Ecological Park, as well as a major developer of industrial parks in Longquanyi District, we believe the Company's status as an important subsidiary of CEDI will not be easily changed in the foreseeable future.

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. SEFP 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 right 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.

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. As of 31 December 2024, the Company had 9 infrastructure projects under construction or planning, with an estimated total investment amount of RMB10.2 billion and an outstanding amount of RMB5.4 billion. Given SEFP's clear position and policy mandate, we believe that the Company will continue to undertake the public projects in Chengdu Sino-French Ecological Park. However, the large number of projects in the pipeline exert a relatively large amount of capital expenditure pressure on the Company.

Moreover, the Company is also responsible for the infrastructure construction of industrial parks in Longquanyi District, such as schools, river restoration projects, and other public facilities. The Company continues to conduct infrastructure construction projects under the agency construction model. However, the sustainability of this business is relatively low.

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. In terms of project payment, the Company received a repurchase payment of RMB2.8 billion from the government in 2024. In 2024, the Company received a land asset transfer of RMB216.7 million from the government. In addition, the Company regularly receives financial subsidies from the government. In 2024, the Company received a financial subsidy of RMB17.5 million from the government. Considering the economic and financial growth of Longquanyi District, as well as the gradual construction of the Sino-French Ecological Park, we expect the Company will continue to receive support from the local government in the future.

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 SEFP's commercial business exposure to be medium as its market-driven nature accounts for around 25% of its total assets.

The Company has participated in the property leasing business mainly through acquisition or construction of leasable properties. These properties include markets, shops, and park factories. As of 31 December 2024, the Company had a total leasable area of 427.0 thousand square meters, with good average occupancy rates. The Company's property leasing income increased from RMB81.3 million in 2023 to RMB83.6 million in 2024, with a YoY growth rate of 2.9%. However, the profit margin of the business dropped from 65% in 2023 to 47.8% in 2024 due to the real estate market headwind. Overall, the leasing business provides a stable supplementary income for the Company.

The Company also engages in the construction of self-operating projects, such as Sichuan (Chengdu) Intelligent Connected Vehicle Pilot Zone Construction Project, industrial parks, and innovation center. The Company constructs self-operating projects mainly with self-raised funds and achieves a fiscal balance by obtaining operating income from these projects. As of 31 December 2024, there were 3 major self-operating projects under construction or planning, with an estimated total investment of RMB1.5 billion and an outstanding amount of RMB1.3 billion. The profitability of self-operating projects in the future is uncertain and is vulnerable to the market conditions.

High debt leverage 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 slightly increased from RMB25.6 billion at end-2023 to RMB26.3 billion at end-2024, with its capitalization ratio slightly increasing from 70.5% to 70.9%, remaining at a high level. The Company has relatively high short-term debt repayment pressure, as its short-term debt accounted for 41.6% of its total debt, and the cash to short-term debt ratio was merely 0.1x as of 31 December 2024. 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

Meanwhile, the Company has a weak asset liquidity profile. As of end-2024, receivables and inventories were RMB26.3 billion and RMB7.6 billion, respectively, making up over 80% 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. Inventories mainly include the development cost of construction

projects. The project repurchase payments are affected by the government's fiscal budget and the timeline of project handover. We assess the liquidity of these assets to be low.

Access to various funding channels

The Company has access to various funding channels. As of 31 December 2024, the bank borrowings and bond financing accounted for 63.6% and 9.7% of its total debt. The Company has actively expanded its financing channels since 2024, and it significantly reduced its reliance on non-standard financing, which accounted for 26.7% of the total debt as of end-2024 (2023: 38.3%). The Company also has access to the offshore bond market, which issued offshore bonds with an issuance amount of USD300.0 million and RMB300.0 million in 2022 and 2023. In addition, its shareholder CEDI held a total facility of RMB99.0 billion and available facility of RMB33.1 billion as of 31 December 2024, which is likely to provide credit cushion when necessary. SEFP's relatively large capital expenditure could be supported by its bank refinancing channel and the Company has maintained a good relationship with large domestic banks, with an average bank financing cost of 5.5%. The Company's overall financing cost was about 6.0% in 2024, down from 6.9% in 2023.

Medium contingent risk associated with external guarantee

As of end-2024, the Company provided an external guarantee of RMB7.5 billion, representing 69.1% of its net assets. As the external guarantee was 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.

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. SEFP 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.

SEFP is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Chengdu Sino-French Ecological Park. Demographic changes, public awareness and social priorities shape government's development strategy, and it 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.

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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