

CCXAP assigns A_g+ to Beijing Capital Group Co., Ltd.'s proposed USD bonds issuing under keepwell structure

Hong Kong, 13 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of A_g+ to the proposed USD bonds to be issued by Central Plaza Development Ltd. (the “Issuer”), and unconditionally and irrevocably guaranteed by BCG Chinastar International Investment Limited (“Chinastar”).

In addition, the proposed bonds will be provided with a keepwell deed by Beijing Capital Group Co., Ltd. (“BCG” or the “Company”, A_g+/-stable). Chinastar is BCG’s sole directly and wholly owned offshore financing platform and it has a high credit quality given its close overall linkages with BCG. The Issuer is an indirect wholly-owned subsidiary of BCG.

The bonds constitute direct, general, unconditional, unsubordinated, and unsecured obligations of the Issuer and Chinastar, which shall at all times rank *pari passu* with all their other present and future unsecured and unsubordinated obligations. The net proceeds of the bonds will be used for the Issuer’s refinancing of the mid-term to long-term offshore indebtedness due within one year.

Corporate Profile

Established in 1994, BCG is a leading state-owned conglomerate in Beijing. It is wholly-owned owned by the Beijing Municipal Government and directly under the supervision of the State-owned Assets Supervision and Administration Commission of the Beijing Municipality (“Beijing SASAC”). The Company aims to promote the economic development and urban management of Beijing to establish it as a “world class city”. It has formed “3+1” major business segments, covering environmental protection, city development, financial services, and cultural and creative industries. As of 31 December 2023, BCG reported total assets of RMB400.9 billion.

Rating Rationale

The rating of the bonds is referencing to BCG’s rating. We expect BCG has strong willingness to support the Issuer and Chinastar in meeting their debt obligations. A default by the Issuer and Chinastar would have significant negative impact on BCG’s reputation and future offshore funding activities, which underpins BCG’s intention to support the repayment of the bonds. However, there could be some difficulties in enforcing the keepwell deed, which is not as strong as the guarantee. Furthermore, BCG’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given BCG’s strategic role for the Beijing Municipal Government, thereby mitigating any differences in an expected loss that could result from structural subordination. We also consider that the Company’s diversified business profile (with cash flow generation across its operating subsidiaries) can help mitigate structural subordination risk.

The A_g+ long-term credit rating of Beijing Capital Group Co., Ltd. (“BCG” or the “Company”) is underpinned by the Company’s (1) diversified business profile that tempers industry risk and provides some synergies; (2) stable and recurring cash flow from the water and infrastructure

businesses; and (3) strong financing ability with various funding channels. However, the rating is constrained by the Company's (1) real estate business that suffers from the lingering weak property market; and (2) modest financial metrics with high debt leverage.

The rating also reflects a high likelihood of government support from the Beijing Municipal Government, when needed, which is based on the Company's (1) direct ownership and ultimate control by the Beijing Municipal Government; (2) strong strategic role in China's development plan for the Beijing-Tianjin-Hebei region; (3) solid track record of receiving ongoing government support, including subsidies, capital injections and asset transfers; and (4) high reputation risk to the government.

Rating Outlook

The stable outlook on BCG's rating reflects our expectation that the Company will continue to receive solid support from the Beijing Municipal Government. We also expect the Company to maintain a stable operation and financial profile over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government support from the Beijing Municipal Government increases such as higher policy roles or greater strategic importance; and (2) the Company's standalone credit profile improves, such as materially improved financial metrics and demonstrated a stronger recurring cash flow from its business segments and investments.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government support decreases such as weakened strategic importance and reputation influence to the Beijing Municipal Government; or (2) the Company's standalone credit profile worsens, such as hindered access to funding and eroded liquidity profile.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Investment Holding Companies \(December 2016\)](#).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.



CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.

Vincent Tong

Assistant Director of Credit Ratings

+852-2860 7125

vincent_tong@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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