

## **CCXAP assigns BBB<sub>g</sub>+ to Chengdu Economic Development Industrial Investment Group Co., Ltd.'s proposed USD bonds**

Hong Kong, 24 April 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB<sub>g</sub>+ to the proposed USD bonds to be issued by Chengdu Economic Development Industrial Investment Group Co., Ltd. (“CEDI” or the “Company”) (BBB<sub>g</sub>+ /stable).

The bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of CEDI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for refinancing its existing offshore indebtedness.

### **Corporate Profile**

CEDI is a key entity responsible for infrastructure construction and industrial development and operation in Longquanyi District, which is also known as the Chengdu Economic and Technological Development Zone (“Chengdu ETDZ”). 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 September 2024, the Management Committee of Chengdu Economic and Technological Development Zone, the ultimate controller of CEDI, owned 91.77% of the Company’s shares.

### **Rating Rationale**

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.

The BBB<sub>g</sub>+ long-term credit rating of CEDI reflects (1) Longquanyi District Government’s very strong capacity to provide support, and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) position as the key entity responsible for industrial development and operation in Longquanyi District; and (2) high sustainability of its public services business; and (3) good record of receiving government payments. However, the rating is constrained by the Company’s (1) relatively high leverage level and short-term repayment pressure; and (2) relatively large reliance on high-cost non-standard financing.

## **Rating Outlook**

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.

### **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's characteristics enhance 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.

## **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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