

CCXAP assigns first-time long-term credit rating of BBB_g+ to Chengdu Jiaozi Park Financial and Business Zone Investment & Development Co, Ltd., with stable outlook.

Hong Kong, 29 December 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of BBB_g+ to Chengdu Jiaozi Park Financial and Business Zone Investment & Development Co, Ltd. (“CJID” or the “Company”), with stable outlook.

The BBB_g+ long-term credit rating of the Company reflects Chengdu High Tech Industrial Development Zone (“Chengdu Hi-tech Zone”) Government’s very strong capacity to provide support to the Company, and high willingness to provide support based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects its strong economic strength and good fiscal self-sufficiency.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) strong position in the development of Jiaozi Park Financial Business District (“Jiaozi Park”); (2) sufficient reserve of public construction projects; and (3) solid track record of receiving government payments. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) high debt growth and large capital expenditure pressure; and (3) moderate asset liquidity.

Corporate Profile

Founded in 2009, formerly known as Chengdu Financial City Co. Ltd., the Company is the development and operation entity of Jiaozi Park authorized by the State-owned Assets Finance Bureau of Chengdu Hi-tech Zone CJID is mainly engaged in agency construction, property sales, property leasing, and commodity sales business in Jiaozi Park. As of 30 September 2023, Chengdu Jiaozi Financial Holding Investment Holdings Co., Ltd is the largest shareholder of the Company, holding 27% of the shares. The Company is actually controlled by the State-owned Assets Supervision and Administration Commission of Chengdu (“Chengdu SASAC”).

Rating Rationale

Credit Strengths

Strong position in the development of Jiaozi Park, with high business sustainability.

CJID is the most important entity responsible for the infrastructure construction of Jiaozi Park. The Company adopts an agency construction model to construct projects including infrastructure construction and other public building supporting facilities in the Jiaozi Park. As the comprehensive operator of Jiaozi Park, the Company is responsible for various projects’ construction and development, industrial investment, assets operation and management in the area. We believe that the Company, with exclusive operating rights in the region, will not be easily replaced by other local state-owned enterprises in the foreseeable future.

Solid track record of receiving government payments. CJID has a proven track record of receiving ongoing government support, including government subsidies and capital injection. From 2021 to the first three quarters of 2023, the Company received government support including the government payments for infrastructure construction projects of RMB2.3 billion, other financial subsidies of RMB530.0 million, as well as shareholder capital injection of RMB2.1 billion, which effectively enriched the Company's asset scale and capital strength.

Stable sources of funding and relatively low costs. The Company's large investment needs are supported by its financing channels. As of 30 September 2023, around 64.0% of the Company's financing was provided by domestic banks. Bonds accounted for about 36.0% of the Company's total debt as of 30 September 2022. The financing cost of the Company is relatively low, with bank funding costs of 3.9% and bond funding costs of 4.1%. In addition, the Company has very low reliance on non-standard financing.

Credit Challenges

Medium exposure to commercial activities. In addition to public welfare activities, CJID is also involved in other commercial activities such as property sales, property leasing and commodity sales. We consider CJID's commercial business exposure to be medium, as its market-driven businesses account for over 30% of its total assets.

High debt growth and large capital expenditure pressure. Due to the large capital expenditure in the past few years, the Company's total debt has seen a large increase as it rose from RMB4.6 billion in 2020 to RMB8.7 billion in 2023Q3, with a total capitalization ratio of 46.6%. In terms of debt structure, the Company had a reasonable short-term debt burden, and the ratio of short-term debt to total debt was 19.2% as of 30 September 2023. However, given the Company's large capital expenditure pressure of its self-operated projects, we expect the Company's debt will increase over the next 12-18 months.

Moderate asset liquidity. As of 30 September 2023, the Company's total assets consist mainly of other non-current assets, inventories, and construction in progress, accounting for 73.4% of its total assets. Besides, as of 30 September 2023, the Company's total restricted assets (for bank loans) were RMB5.8 billion, representing 22.1% of total assets.

Rating Outlook

The stable outlook on CJID'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 as the important infrastructure construction entity in Jiaozi Park of Chengdu City.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) changes in company's characteristics enhance the local government's willingness to support, such as lower debt growth or improving in assets liquidity.

What could downgrade the rating?



The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) changes in company's characteristics weaken the local government's willingness to support, such as reducing strategic significance and government payments.

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

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.

Olivia Feng
Senior Credit Analyst
+852-2860 7133
olivia_feng@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2023 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