

Chengdu Chenghua Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer Credit Rating of Chengdu Chenghua Development Group Co., Ltd. (“CCD”); Issuer Rating Outlook is Stable.

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 September 2025

Summary

The Issuer Credit Rating reflects a high possibility that the People’s government of Chenghua District (“the Chenghua government”) would provide very strong support to CCD if needed. This mainly considers the Chenghua government’s 90% ownership of CCD, CCD’s strategic position as the flagship platform in Chengdu’s Chenghua District (“Chenghua”). The linkage between the Chenghua government and CCD is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Chenghua government may face significant negative impact on its reputation and financing activities should CCD encounter any operational or financial difficulties.

Chenghua is a municipal district in the main urban area of Chengdu, the capital city of Sichuan Province. In 2024, Chenghua’s GDP grew steadily by 5.7% to RMB150.5 billion, yet its budgetary revenue dropped by 28.2% to RMB6.3 billion.

The Stable Outlook reflects our expectation that CCD’s strategic importance would remain intact while the Chenghua government will continue to ensure CCD’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Chenghua government holds 90% ownership of CCD through the State-owned Assets Supervision and Administration Bureau of Chenghua (“Chenghua SASAB”), while the remaining 10% was owned by the Sichuan Provincial Department of Finance to subsidize the provincial Social Security Fund. The Chenghua government also has strong control over CCD, including the appointment of CCD’s senior management, and supervision of CCD’s major strategic, investment and financing plans. In addition, the Chenghua government has formulated comprehensive performance assessment policies for CCD.

Strategic Importance and Strategic Alignment: CCD is the flagship platform of Chenghua District consolidating all major local investment and development companies (“LIDC”) within the region. CCD has strong control over its subsidiaries, such as centralized financial management, liquidity support, as well as reviewing and approving their major investment and financing decisions.

CCD carries out major construction projects in Chenghua District, including land consolidation, infrastructure and public facilities construction, resettlement housings development and shantytown renovations designated by the local government to support the Chenghua’s urban development. It also invests in cultural tourism projects and industry funds to support Chenghua’s industrial upgrade. CCD’s strategic planning and development have been aligned with the local government’s economic and social policies.

Ongoing Government Support: The Chenghua government provided ongoing support to CCD. The Chenghua government injected cash capital of RMB180 million and 120 million to CCD in 2024 and the first quarter of 2025, respectively. The company also received operational subsidies of RMB820 million and state-owned properties valued at RMB243 million in 2024 from the local

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

government. We expect CCD to receive timely support from the local government in the coming years, considering its strategic importance in Chenghua.

CCD's Financials and Liquidity Position: As CDD actively participated in Chenghua's urban construction and industry development, its total asset reached RMB226.5 billion at end-March 2025, up strongly by 27.1% compared to end-2022. The company mainly relied on borrowings to fund its asset expansion. The total debt of the company increased to RMB118.0 billion at end-March 2025 from RMB81.4 billion at end-2022. Its financial leverage, as measured by total debt/capitalization was elevated to 58.2% from 52.8% over the same period.

CCD's short-term debt servicing pressure was moderate. At end-March 2025, CCD had unrestricted cash of RMB15.5 billion, covering 54.7% of its short-term debts. Yet CCD has access to multiple financing channels, including bank borrowings and bond issuances, etc., to support its debt repayment and business operation. CCD and its major subsidiaries have adequate bank facilities and bond issuance quota.

Rating Sensitivities

We would consider downgrading CCD's rating if (1) there is perceived weakening in support from the Chenghua government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Chenghua government's ownership of CCD, or (3) there is a downgrade in our internal credit assessment on the Chenghua government.

We would consider upgrading CCD's rating if there is an upgrade in our internal credit assessment on the Chenghua government.

Operating Environment

Economic Condition of Chenghua

Chenghua's Economic Condition (RMB billion)	2022	2023	2024
GDP	136.1	144.4	150.5
-Primary industry (%)	0.0	0.0	0.0
-Secondary industry (%)	38.4	35.2	32.7
-Tertiary industry (%)	61.6	64.8	67.3
GDP growth rate (%)	5.0	6.2	5.7
Fixed asset investment growth rate (%)	0.9	0.9	9.6
Population (million)	1.4	1.4	1.4

Source: Public information and Lianhe Global's calculations

Chenghua is one of the five central urban districts of Chengdu, with a residential population of approximately 1.4 million. Commerce- and trade-related services, along with urban tourism, are key pillars of the service-sector development in Chenghua. In 2024, Chenghua's GDP reached approximately RMB 150.5 billion, representing a year-on-year growth rate of 5.7%.

Fiscal Condition of Chenghua

Chenghua's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	9.2	8.7	6.3
Budgetary revenue growth rate (%)	3.7	-5.1	-28.2
Tax revenue	7.1	7.5	5.3
Tax revenue (% of budgetary revenue)	78.6	86.0	84.6

Government fund income	2.9	1.2	0.6
Transfer payment	14.1	11.8	20.1
Aggregate revenue	26.5	22.0	27.3
Budgetary expenditure	8.7	8.6	8.1
Budget balance ¹ (%)	5.1	1.3	-28.6
Government debt ratio (%)	23.0	34.3	50.7

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Public information and Lianhe Global's calculations

The Chenghua government's aggregate fiscal revenue primarily comprises budgetary revenue, government fund income, and transfer payments. In 2024, budgetary revenue dropped sharply by 28.2% year-on-year to RMB 6.3 billion, with a budgetary deficit of 28.6%. This was mainly due to the reduced real estate-related taxes amid property market downturn and tax relief policies for small and micro businesses.

Chenghua's government fund income, mainly generated by land sales, also dropped to RMB0.6 billion in 2024 from RMB1.2 billion in 2023 and RMB2.9 billion in 2022. Nevertheless, it received substantial transfer payments from higher-level government, amounting to RMB20.1 billion in 2024, up from RMB11.8 billion in 2023.

The Chenghua government's outstanding debts increased significantly to RMB13.9 billion at end-2024 from RMB 7.5 billion at end-2023, mainly due to the new issuance of special debts to support local public projects. As a result, its government debt ratio, as measured by government debts to aggregate revenue raised to 50.7% from 34.3% over the same period.

Company Profile

CCD was established in 2021 and funded by Chenghua SASAB. After its establishment, the Chenghua government transferred ownership of all major LIDCs in Chenghua to CCD, aiming to build a flagship platform. CCD's paid-in capital was enlarged to RMB3.6 billion at end-March 2025, from RMB2.4 billion at end-2021. Chenghua SASAB, as the actual controller, owned 90% shares of CCD, while the remaining 10% was owned by the Sichuan Provincial Department of Finance to subsidize the provincial Social Security Fund.

CCD carries out major construction projects in Chenghua District, including land consolidation, infrastructure and public facilities construction, resettlement housings development and shantytown renovations designated by the local government to support the Chenghua's urban development. It also provides urban operation services, such as landscaping, labor dispatching, catering, as well as property leasing and management. In recent years, CCD has been focusing on the investment in cultural tourism projects, industry funds and energy sector to promote local industrial upgrade.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.3
Total Assets	178,211	208,205	216,966	226,538
Equity	72,738	81,412	83,846	84,912
Debt	81,424	102,981	111,851	118,040
Debt / (Debt + Equity) (%)	52.8	55.8	57.2	58.2
Unrestricted cash/ST Debts (x)	0.34	0.47	0.48	0.55
Revenue	12,185	15,625	16,323	4,685
Operation Profit	1,504	1,621	1,452	154
Gross Margin (%)	11.3	11.3	11.2	8.6
Cash from sales or services/ revenue (%)	105.6	84.8	86.6	90.7

Source: The company and Lianhe Global's calculations

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