

Chengdu Dongjin Industrial Investment Group Co., Ltd.

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	28 October 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Chengdu Dongjin Industrial Investment Group Co., Ltd. (“CDIIG” or “the company”)

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jintang County, Chengdu City (“Jintang government”) would provide very strong support to CDIIG if needed, in light of its full ownership of CDIIG, CDIIG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for urban construction and industrial development in Jintang City (“Jintang”), Chengdu City (“Chengdu”), and the linkage between the Jintang government and CDIIG, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Jintang government may face significant negative impact on its reputation and financing activities if CDIIG encounters any operational and financial difficulties.

Jintang is a county in Chengdu City. Jintang’s GDP grew steadily by 6.2% to reach RMB70.6 billion in 2024. The budgetary revenue of the Jintang government increased to RMB5.1 billion in 2024.

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

Rating Rationale

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Applicable Criteria

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

Government’s Ownership and Supervision: The Jintang government holds 100% stake of CDIIG through State-owned Assets Supervision, Administration and Finance Bureau of Jintang County, Chengdu City (“Jintang SASAFB”). The Jintang government is the ultimate controller of the company. It has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Jintang government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Alignment and Importance: CDIIG is the key LIDC that is responsible for urban construction, state-owned assets operation and industrial investment in Jintang. The company mainly engages in urban operations, green development, rural revitalization, and cultural tourism integration for Jintang. Its specific business lines include the sales of agricultural and sideline products, labor dispatch services and urban maintenance and operations. Besides, CDIIG is the sole LIDC in the region for water-related business, representing a unique strategic role that is difficult to replace. CDIIG plays an important role in promoting the economic and industrial development of the region. Its business operation and strategic planning have been aligned with the government’s development plans.

Strong Government Support: CDIIG continued to receive financial subsidies and asset/capital injections from the Jintang government to support its business operations. Between 2022 and the first six months of 2025, CDIIG received financial subsidies of RMB74.5 million from the Jintang government. Meanwhile, the company received asset and capital injections from the Jintang government in the form of cash, buildings, construction

projects, equity transfers and other assets. We believe the government support will remain intact given the company's strategic importance in Jintang.

CDIIG's Financial and Liquidity Position: CDIIG's asset base expanded over the past three years as it actively participated in Jintang's project development. Its asset size reached RMB35.3 billion at end-June 2025, up from RMB23.3 billion at end-2022. The company mainly relied on borrowings to finance its projects. As a result, CDIIG's financial leverage, as measured by debt-to-capitalization, rose to 45.1% at end-June 2025 from 35.3% at end-2022.

CDIIG's short-term debt servicing pressure is moderately high. At end-June 2025, the company's short-term debt totaled about RMB6.4 billion, compared with RMB642.3 million of cash on hand. Yet CDIIG retains access to a range of funding channels, including bank borrowings, bond issuance and non-traditional financing. The company had a total credit facility of RMB15.8 billion, of which RMB1.0 billion was unused, at end-2024.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Jintang

Jintang's economy maintained stable growth in the past few years and its GDP reached RMB70.63 billion in 2024, representing a year-on-year growth of 6.2% (2023: 8.1%). Jintang's economic growth was mainly fueled by secondary and tertiary industries, which accounted for 39.3% and 50.4% of GDP in 2024, respectively. The GDP per capita of Jintang was RMB80,500 in 2024, demonstrating solid economic development momentum as a county under Chengdu City's administration in Sichuan Province.

Jintang's Economy Condition			
(RMB billion)	2022	2023	2024
GDP	60.3	65.0	70.6
-Primary industry (%)	11.9	12.6	10.3
-Secondary industry (%)	40.6	38.4	39.3
-Tertiary industry (%)	47.5	49.0	50.4
GDP growth rate (%)	6.5	8.1	6.2
Fixed asset investment growth rate (%)	5.3	-6.5	11.3
Population (million)	0.8	0.8	0.8

Source: Public information and Lianhe Global's calculations

Fiscal Condition of Jintang

The budgetary revenue of the Jintang government increased to RMB5.1 billion in 2024 from RMB4.5 billion in 2023, representing a growth of 14.2%, with the contribution of tax revenue declining to 34.9% from 38.1% over the same period. The fiscal self-sufficiency rate of the Jintang government remained weak, with the budget deficit increasing to 79.6% at end-2024, compared with 68.4% in 2023.

The outstanding debt of the Jintang government kept growing in past few years. At end-2024, the Jintang government's outstanding debt increased to RMB30.9 billion from RMB27.8 billion at end-2023, mainly due to the issuance of special purpose bonds to support local infrastructure and public projects. However, its government debt ratio, as measured by the total government debt to aggregate revenue, decreased slightly to 207.5% at end-2024 from 208.5% at end-2023.

Jintang 's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	4.1	4.5	5.1
Budgetary revenue growth rate (%)	-3.0	10.1	14.2
Tax revenue	1.5	1.7	1.8
Tax revenue (% of budgetary revenue)	37.5	38.1	34.9
Government fund income	4.0	3.8	3.5
Transfer payment	4.6	5.0	6.3
Aggregate revenue	12.7	13.3	14.9
Budgetary expenditure	6.9	7.5	9.2
Budget balance ¹ (%)	-70.0	-68.4	-79.6
Government debt ratio (%)	190.9	208.5	207.5
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Public information and Lianhe Global's calculations			

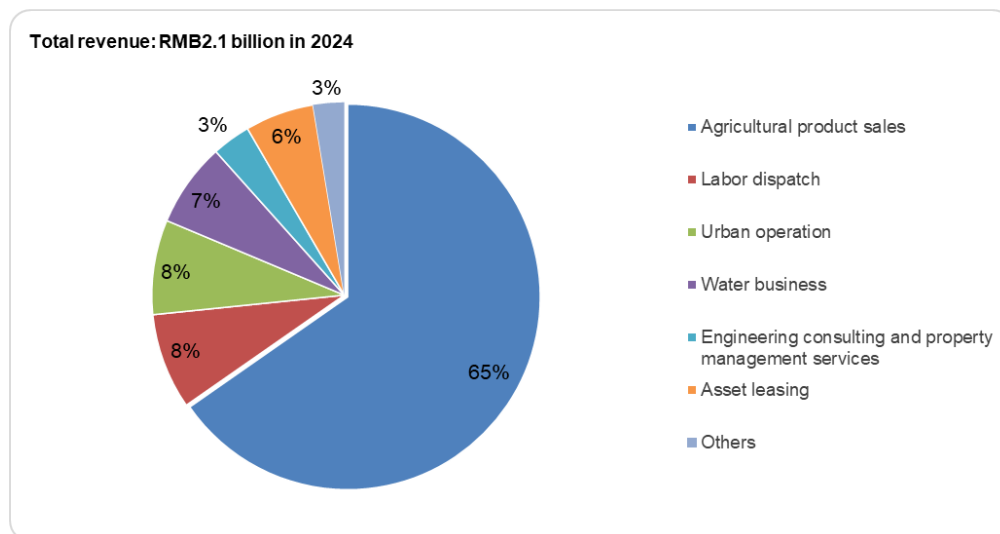
Company Profile

Ownership Structure

CDIIG, formerly known as Jintang County Jinfang Surveying and Mapping Co., Ltd., was established as a state-owned sole proprietorship in April 2011 by the Jintang County Real Estate Association, with an initial registered capital of RMB1.3 million. In March 2021, the company's shareholder changed to Chengdu Dongjin City Construction Engineering Co., Ltd. By December 2023, the company's registered capital was increased to RMB2.0 billion, and its shareholder was changed to the Jintang SASAFB.

As of the end of June 2025, CDIIG's registered capital was RMB2.0 billion, with a paid-in capital of RMB1.18 billion, all contributed in monetary form. The Jintang SASAFB is the company's sole shareholder, while the Jintang government is the actual controller.

Revenue Breakdown



Source: The company's financial reports and Lianhe Global's calculations

CDIIG is a key state-owned asset operator and industrial investor in Jintang. Its business is highly diversified, encompassing urban operations, green development, rural revitalization, and cultural tourism. Revenue has grown rapidly, rising from RMB642 million in 2022 to RMB2.1 billion in 2024. However, its overall gross margin has declined, falling from 23.3% to 9.4% in the same period, indicating a shift towards higher-volume, lower-margin activities despite an absolute increase in gross profit.

Agricultural product sales have become the company's dominant revenue source, increasing from RMB51 million in 2022 to RMB1.4 billion in 2024. This business involves both trade of commodities like corn and wheat, and self-operated farming on nearly 8,000 acres of land. Despite its massive scale, this segment contributes minimally to profits, with margins hovering near 0.2% in 2024. This is because the trade business operates on thin margins, and self-operated projects, like a new olive plantation, are not yet profitable.

The company provides essential public services that form a stable revenue base. This includes labor dispatch for government entities, managing over 4,000 personnel, and comprehensive urban maintenance like sanitation, waste management, and road upkeep. Additionally, its water services division holds a strong regional position, operating water plants, wastewater treatment facilities, and maintaining extensive water networks. While these segments provide steady income, their profitability is modest, with margins generally in the low-to-mid single digits, except for water services, which boasts a higher c. 27% margin.

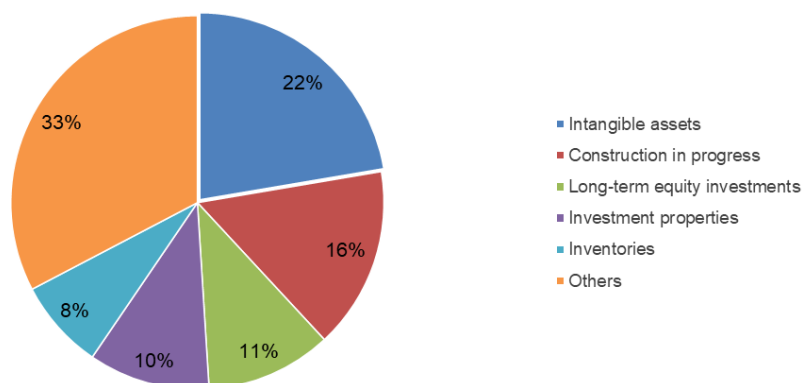
CDIIG has several smaller, highly profitable business lines. Engineering consulting and property management services, though modest in revenue, consistently achieve high gross margins above 45%. Furthermore, asset leasing is a significant profit driver, generating income from leasing standardized factories, an airport, and residential properties. Despite some fluctuation, this segment maintained a strong 43.4% margin in 2024. These high-return activities are crucial for offsetting the thin margins from the company's larger operating segments.

Strategically, CDIIG is transitioning from a pure operator to an investor and developer. It plans to expand into industrial park operation and maintenance, human resources, and direct industrial investment. This is supported by a substantial asset base, including

significant intangible assets like land use rights and operating permits for sand mining and reservoirs. However, a large portion of its assets are illiquid (e.g., construction in progress), which impacts overall liquidity but positions the company for future development projects and long-term growth.

Assets Breakdown

Total assets: RMB35.3 billion at end-June 2025



Source: The company's financial reports and Lianhe Global's calculations

CDIIG's total asset increased to RMB35.3 billion at end-June 2025 from RMB23.3 billion at end-2022, as the company actively participated in project development within Jintang. The company relied on both borrowings and capital injections from the local government to fund its asset expansion. CDIIG's total debt reached RMB13.8 billion at end-June 2025, which was 118.5% higher than that at end-2022 (RMB6.3 billion). The company's financial leverage, as measured by debt-to-capitalization, rose to 45.1% at end-June 2025 from 35.3% at end-2022.

CDIIG's asset liquidity was relatively weak, as the company had intangible assets of RMB7.9 billion (mainly land use rights and operating permits), representing 22.3% of total asset at end-June 2025. At the same time, construction in progress and investment properties added up to RMB9.3 billion, representing 26.3% of total asset. The company's investment properties grown rapidly in 2024, primarily consisting of buildings and land use rights. The increase was mainly due to operational properties transferred by the Jintang SASAFB.

Key Financial Data

(RMB million)	2022	2023	2024	1H2025
Total Assets	23,275	27,413	32,369	35,328
Equity	11,568	13,608	16,324	16,773
Debt	6,312	7,591	11,100	13,791
Debt / (Debt + Equity) (%)	35.3	35.8	40.5	45.1
Unrestricted cash/ST Debts (x)	0.1	0.2	0.1	0.0
Debt/EBITDA (x)	40.9	40.5	42.4	20.3
Revenue	642	1,579	2,145	1,711
Operation Profit	102	106	140	43
Gross Margin (%)	23.3	9.5	9.4	6.3
Cash from sales or services/ revenue (%)	135.6	109.7	120.0	118.6

Source: The company and Lianhe Global's calculations

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