Chengdu Sino French Ecological Park Investment Development Co., Ltd.

Summary	
Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer Credit Rating of Chengdu Sino French Ecological Park Investment Development Co., Ltd. ("CSID" or "the company") to 'BBB+' from 'BBB'; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating upgrade reflects CSID's enhanced strategic importance, driven by its higher contributions in rural revitalization projects and infrastructure development in Longquanyi District, Chengdu City ("Longquanyi"). The company has further expanded its mandate to encompass the construction and development of industrial parks, while broadening the scope of other businesses, including engineering construction and asset operation and other self-operated projects. These initiatives are highly aligned with the local government's plan for industrial transformation and upgrading, which helps to attract investment and accelerate industrial growth.

We believe this presents a high possibility that the Longquanyi government would provide very strong support to CSID if needed, in light of its majority ownership of CSID, CSID's strategic importance as the sole state-owned entity for infrastructure investment, construction and operation in the Ecological Park, and the linkage between the Longquanyi government and CSID, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Longquanyi government may face negative impact on its reputation and financing activities if CSID encounters any operational and financial difficulties.

Longquanyi is one of the municipal districts under the jurisdiction of Chengdu, the capital city of Sichuan Province. Its GDP grew steadily by 4.1% to RMB158.6 billion in 2024. The budgetary revenue also increased by 27.1% to RMB10.9 billion in 2024.

The Stable Outlook reflects our expectation that CSID's strategic importance would remain intact while the Longquanyi government will continue to ensure CSID's stable operation.

Rating Rationale

Government's Ownership and Supervision: The Longquanyi government indirectly holds the majority ownership of CSID through Chengdu Economic Development Industrial Investment Group Co., Ltd., via the Chengdu Economic and Technological Development Zone Management Committee ("ETDZMC"). The Longquanyi government, as the ultimate controller, supervises the company, including control and supervision over the management, decisions on strategic development and investment and financing plans etc. In addition, the Longquanyi government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance to Longquanyi and Strategic Alignment: CSID remains the important state-owned entity in Longquanyi and the sole infrastructure investment, construction and operation entity in Ecological Park, mainly responsible for the construction of municipal projects, public service projects, as well as industry-city integration projects in the Ecological Park and surrounding areas with franchise advantages. CSID is also responsible for soil disposal business in the region, so as to promote the economic and social development and regional industrial upgrading, and enhance the comprehensive service capability of Longquanyi, especially the Ecological Park and the surrounding areas. CSID's business operation and development have been aligned with the government's development plans.

Ongoing Government Support: CSID received substantial support from the Longquanyi government, including capital injections, operational subsidies, special debt, and policy support. As the sole state-owned entity responsible for infrastructure investment, construction, and operation in the Ecological Park, CSID holds significant advantages in project and resource acquisition. The Longquanyi government consistently provided capital injections and special debt as project funds to the company, alongside various policy supports. The company received government subsidies totaling RMB199.2 million from 2022 to the first six months of 2025. CSID continues to receive subsidies from projects associated with the Transportation Bureau, Housing and Urban-Rural Development Bureau, Parks Bureau, and other government agencies in Longquanyi to support its construction processes. We believe CSID is likely to continue receiving government support in the form of operational and/or financial subsidies to aid its daily business operations and related infrastructure investments and constructions.

CSID's Financial Matrix and Liquidity Position: CSID's total assets increased to RMB43.4 billion at end-June 2025 from RMB38.9 billion at end-2023, as the company actively participated in the project development in Longquanyi. The company mainly relied on borrowings to fund its asset expansion. Its total adjusted debt increased to RMB27.7 billion at end-June 2025 from RMB22.9 billion at end-2023. The company's financial leverage, as measured by debt/capitalization, increased from 68.1% to 72.0% over the same period.

The liquidity of CSID was moderately tight. At end-June 2025, CSID had a cash balance of RMB2.3 billion, compared with its debt due within one year of RMB10.7 billion. Having said that, CSID has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations.

Rating Sensitivities

We would consider downgrading CSID'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 CSID, or (3) there is a downgrade in our internal credit assessment on the Longquanyi government.

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

Operating Environment

Economic Condition of Longquanyi

Longquanyi is one of the municipal districts under the jurisdiction of Chengdu, the capital city of Sichuan Province. It is located in the eastern part of the city. Longquanyi has jurisdiction over three towns and four streets, with a total land area of 557 square kilometers. Chengdu ETDZ, a national economic development zone, Chengdu Automobile Industry Functional Zone and Chengdu Sino French Ecological Park are located in Longquanyi, helping the district to form an industrial platform led by the automobile industry and promote the economic development of the region.

Longquanyi's GDP amount increased to RMB158.6 billion in 2024, from RMB150.3 billion in 2023, and its economic growth rate decreased to 4.1%, from 6.1% in 2023. The GDP per capita was RMB114,800 in 2024. After decreasing 8.9% in 2023, Longquanyi's fixed-asset investment rebounded in 2024, increasing by 2.6%. The turnaround was powered by a flood of post-disaster reconstruction funds and an accelerated pipeline of provincial key projects that quickly converted into physical construction activity.

Longquanyi's GDP and Fixed Asset Investment

(RMB billion)	2022	2023	2024
GDP	154.6	150.3	158.6
-Primary industry (%)	1.8	1.4	1.3
-Secondary industry (%)	61.9	58.6	45.7
-Tertiary industry (%)	36.2	40.0	53.0
GDP growth rate (%)	1.8	6.1	4.1
Fixed asset investment growth rate (%)	-8.5	-8.9	2.6
Population (million)	1.4	1.4	1.4

Source: Financial Bureau of Longquanyi, statistical bureau of Longquanyi and Lianhe Global's calculations
**Estimated by Lianhe Global*

Fiscal Condition of Longquanyi

The budgetary revenue of the Longquanyi government increased to RMB10.9 billion in 2024 from RMB8.5 billion in 2023, with a year-over-year growth rate of 27.1%. The Longquanyi government's fiscal self-sufficiency remained weak, with the budget deficit narrowing to 33.2% in 2024 from 47.0% in 2023. Additionally, government fund income declined to RMB3.0 billion in 2024 from RMB5.5 billion in 2023, due to a collapse in land-sale proceeds amid the nationwide property slump.

The outstanding debt of the Longquanyi government kept growing in past few years. At end-2024, the Longquanyi government's outstanding debt increased to RMB43.5 billion from RMB29.9 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 234.0% at end-2024 from 141.9% at end-2023.

Longquanyi's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	7.5	8.5	10.9
Budgetary revenue growth rate (%)	3.6	5.6	27.1
Tax revenue	5.9	6.9	5.9
Tax revenue (% of budgetary revenue)	77.9	81.1	54.5
Government fund income	6.6	5.5	3.0
Transfer payment	5.9	6.9	4.5
Aggregate revenue	20.2	21.1	18.6
Budgetary expenditure	11.6	12.6	14.5
Budget balance[1] (%)	-54.2	-47.0	-33.2
Government debt ratio (%)	130.5	141.9	234.0

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Longquanyi, statistical bureau of Longquanyi and Lianhe Global's calculations

Company Profile

CSID was designated by the Longquanyi government in 2018 and established as a wholly-owned subsidiary of CESI with full capital contribution. ETDZMC indirectly held the majority of CSID's shares through CESI at end-June 2025, and is the ultimate controller of the company.

CSID is the sole LIDC responsible for infrastructure investment, construction and operation in Ecological Park, mainly including a series of strategically important projects. It plays an important role in promoting the economic and industrial development of Longquanyi. In addition, CSID is also responsible for the soil disposal projects in the region. The company generated revenues of RMB3.6 billion, RMB3.5 billion, RMB1.6 billion and RMB346 million in 2022, 2023, 2024 and the first six months of 2025, respectively. Over the same period, its gross margin remained stable at 19%-22%.

Key Financial Data (RMB million)	**2022**	**2023**	**2024**	**2025.6**
Total Assets	35,982	38,902	40,719	43,403
Equity	9,716	10,700	10,806	10,814
Debt	20,921	22,862	24,576	27,742
Debt / (Debt + Equity) (%)	68.3	68.1	69.5	72.0
Unrestricted cash/ST Debts (x)	0.2	0.0	0.0	0.1
Debt/EBITDA (x)	35.7	41.0	86.5	-
Revenue	3,607	3,542	1,571	346
Operation Profit	548	375	83	10
Gross Margin (%)	22.2	19.6	20.8	18.9
Cash from sales or services/ Revenue (%)	61.1	52.3	181.9	13.6

Source: CSID and Lianhe Global's calculations

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