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. ("CHDG"); Rating Outlook Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	8 September 2026

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

Summary

The Issuer Credit Rating reflects a high possibility that the People's government of Chenghua District ("Chenghua government") would provide very strong support to CHDG if needed. This mainly considers the Chenghua government's 90% ownership of CHDG and CHDG's strategic position as the flagship local investment and development company ("LIDC") in Chengdu's Chenghua District. The linkage between the Chenghua government and CHDG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the Chenghua government has a very strong willingness to ensure CHDG's business and financial viability to safeguard its reputation and local financing activities.

Chenghua is a municipal district in the main urban area of Chengdu, the capital city of Sichuan Province. In 2025, Chenghua's GDP grew steadily by 5.6% to RMB157.2 billion. The Chenghua government's budgetary revenue also increased by 6.3% to RMB6.7 billion.

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

Rating Rationale

Government Ownership and Supervision: The Chenghua government maintains strong ownership and control over CHDG. Chenghua SASAB holds a 90% equity interest in CHDG on behalf of the Chenghua government, while the remaining 10% is held by the Sichuan Provincial Department of Finance to support the provincial Social Security Fund. The Chenghua government exercises extensive oversight over CHDG, including the appointment of senior management and the supervision of major strategic, investment and financing plans. It has also established comprehensive performance assessment policies for CHDG.

Strategic Importance and Alignment: CHDG is Chenghua District's flagship LIDC and consolidates the district's major urban development entities. The company undertakes key government-designated projects, including land consolidation, infrastructure and public facilities construction, resettlement housing development, and shantytown renovation, that support Chenghua's urban development. CHDG also supports Chenghua's industrial upgrading through investments in cultural tourism projects and industry development funds. Its strategic priorities and business development remain closely aligned with the local government's economic and social policy objectives.

Strong Government Support: The Chenghua government has provided CHDG with ongoing financial and operational support. In 2025, CHDG received RMB2.1 billion in cash capital injections and RMB762 million in operating subsidies. The local government also transferred state-owned assets, including properties and parking lots, to the company. Given CHDG's strategic importance to Chenghua District, we expect the local government to continue providing timely support when needed.

CHDG's Financials and Liquidity Position: CHDG's asset base continued to expand as the company actively participated in Chenghua's urban construction and industrial development. Its total assets increased to RMB242.1 billion at end-March 2026 from RMB217.0 billion at end-2024. This expansion was funded by government capital injections and additional borrowings. Over the same period, total debt rose to RMB129.5 billion from RMB111.9 billion, resulting in a modest increase in financial leverage, as measured by total debt to capitalization, to 59.9% from 57.2%.

CHDG faces moderately high short-term debt servicing pressure. At end-March 2026, the company had unrestricted cash of RMB18.0 billion, compared with RMB36.1 billion of debt due within one year. Nevertheless, CHDG maintains access to multiple financing channels, including bank borrowings, bond issuances and other non-traditional financing sources, which support its debt repayment and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Chenghua

Chenghua is a core urban district of Chengdu City, with an economy primarily driven by the tertiary sector. Its key service industries include modern retail and commercial services, cultural and creative industries, and urban tourism. In 2025, Chenghua's GDP grew steadily by 5.6% to RMB157.2 billion. However, fixed asset investment growth slowed to 3.0% in 2025 from 9.6% in 2024, mainly due to the prolonged adjustment in the property sector and the diminishing contribution from infrastructure investment.

Chenghua's Economic Condition (RMB billion)	**2023**	**2024**	**2025**
GDP	144.4	150.5	157.2
-Primary industry (%)	0.0	0.0	0.0
-Secondary industry (%)	35.2	32.7	31.5
-Tertiary industry (%)	64.8	67.3	68.5
GDP growth rate (%)	6.2	5.7	5.6
Fixed asset investment growth rate (%)	5.3	9.6	3.0
Population (million)	1.41	1.42	1.42

Source: Public information and Lianhe Global's calculations

Fiscal Condition of Chenghua

The Chenghua government's budgetary revenue recovered by 6.3% to RMB6.7 billion in 2025, following a 28.2% decline in 2024. Government fund income, mainly generated from land concessions, also rebounded to RMB2.1 billion from RMB0.6 billion. However, the Chenghua government's budget deficit widened to 42.7% from 28.6% over the same period, reflecting faster growth in budgetary expenditure than in budgetary revenue.

The outstanding debt of the Chenghua government increased to RMB18.8 billion at end-2025 from RMB13.9 billion at end-2024, mainly due to the new issuance of special-purpose debts to support key public projects and replace/refinance existing government debts. Its government debt ratio, as measured by total government debt / aggregate revenue, increased significantly to 108.7% from 91.9% over the same period.

Chenghua's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	8.7	6.3	6.7
Budgetary revenue growth rate (%)	-5.1	-28.2	6.3
Tax revenue	7.5	5.3	5.6
Tax revenue (% of budgetary revenue)	86.1	84.6	84.4
Government fund income	1.2	0.6	2.1
Transfer payment	6.1	7.9	8.2
Aggregate revenue	**16.3**	**15.1**	**17.3**
Budgetary expenditure	8.6	8.1	9.5
Budget balance[1] (%)	1.3	-28.6	-42.7
Government debt ratio (%)	46.3	91.9	108.7

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Public information and Lianhe Global's calculations

Company Profile

CHDG was established in 2021 and funded by Chenghua SASAB. Following its establishment, the Chenghua government transferred the ownership of Chenghua District's major LIDCs to CHDG, positioning the company as the district's flagship urban development platform. CHDG has registered capital of RMB10 billion, of which RMB3.68 billion had been paid up by end-March 2026. The Chenghua government plans to inject RMB500 million to RMB1 billion into CHDG annually. Chenghua SASAB, as the actual controller, holds a 90% equity interest in CHDG, while the remaining 10% is held by the Sichuan Provincial Department of Finance to support the provincial Social Security Fund.

CHDG undertakes key government-designated projects that support Chenghua's urban development, including land consolidation, infrastructure and public facilities construction, resettlement housing development and shantytown renovation. The company also provides urban operation services, such as landscaping, labour dispatch, catering, property leasing and property management. In recent years, CHDG has expanded its focus to cultural tourism projects, industry development funds and the energy sector, with the aim of supporting Chenghua's industrial upgrading. CHDG's revenue increased gradually to RMB16.8 billion in 2025 from RMB15.6 billion in 2023, with a stable gross margin of approximately 11%.

Key Financial Data (RMB million)	2023	2024	2025	2026.3
Total Assets	208,205	216,966	232,981	242,139
Equity	81,412	83,846	86,569	86,776
Debt	102,981	111,851	123,074	129,485
Debt / (Debt + Equity) (%)	55.8	57.2	58.7	59.9
Unrestricted cash/ST Debts (x)	0.5	0.4	0.4	0.5
Debt/EBITDA (x)	50.7	58.3	59.5	-
Revenue	15,625	16,323	16,797	4,027
Gross Margin (%)	11.3	11.2	11.7	11.8
Cash from sales or services/ revenue (%)	84.8	86.6	96.4	84.1

Source: The company and Lianhe Global's calculations

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