

Chengdu ETDZ State-owned Investment Group Co., Ltd.

Summary

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

Lianhe Ratings Global Limited has upgraded the global scale Long-term Issuer Credit Rating of Chengdu ETDZ State-owned Investment Group Co., Ltd. (“CESI”) to ‘A-’ from ‘BBB+’; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating upgrade reflects the upgrade in our internal credit assessment on the People’s Government of Longquanyi District (“Longquanyi government”) and the expectation of a continuing high possibility that the Longquanyi government would provide very strong support to CESI if needed. This mainly reflects the government’s indirect majority ownership of CESI and CESI’s strategic importance as an important local investment and development company responsible for urban development and operation in Longquanyi District (“Longquanyi”). The linkage between the Longquanyi government and CESI is strong, including supervision of the management and major investment and financing decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local government has a very strong willingness to ensure CESI’s business and financial viability in order to safeguard its reputation and local financing activities.

Longquanyi is one of the municipal districts under the jurisdiction of Chengdu, the capital city of Sichuan Province. It serves as Chengdu’s eastern sub-center where the Chengdu Economic and Technological Development Zone (“Chengdu ETDZ”), a national economic development zone is located. Its GDP grew by 6.8% to RMB167.1 billion in 2025, while its budgetary revenue decreased by 4% to RMB10.4 billion over the same period.

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

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of the senior unsecured USD bonds issued by CESI to ‘A-’ from ‘BBB+’. A full list of issuance rating is included in this report.

Rating Rationale

Government’s Ownership and Supervision: The Management Committee of Chengdu Economic and Technological Development Zone (“Management Committee”), as the actual controller, holds 90% shares of CESI through Chengdu ETDZ Development Holdings Group Co., Ltd. (“CEDH”). The Management Committee is a government agency responsible for planning and management in Chengdu ETDZ. The Longquanyi government has the final decision-making authority and supervises the company, including supervision of the management and decisions on its strategic development and investment and financing plans. In addition, the Longquanyi government has performance assessment mechanism over the company and regularly appoints auditors to review CESI’s operating performance and financial position.

Strategic Importance and Alignment: CESI is an important urban development and operation entity in Longquanyi. It is responsible for social housing construction as well as major public projects such as hospitals, schools, and roads, while also managing the district’s core operating assets and integrating businesses in water services, trade, and public transport. Its business operations and strategic planning have been aligned with the

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Applicable Criteria

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

local government's development plans. The company aims to achieve steady progress and innovative transformation, building on the continued growth of Longquanyi's economy.

Ongoing Government Support: CESI has received ongoing support from the local government, usually in forms of injections of capital and assets and subsidies to support CESI's business operation. The company received subsidies totaling RMB544 million between 2023 and 2025. As an important entity in urban constructions and operations in Longquanyi, we believe CESI owns the advantage in acquiring related resources and projects, while government support will remain intact to ensure CESI's business operation and development.

CESI's Financial Matrix and Liquidity: CESI's total assets continued to expand in recent years as it actively participated in Longquanyi's development projects. Its asset size reached RMB130.3 billion at end-June 2026, including mainly inventories, receivables and investment properties. The company notably relied on debt financing to support its business operations. Its financial leverage, measured by the debt-to-capitalization ratio, rose to 66.9% at end-June 2026 from 62.6% at end-2023. CESI's short-term debt servicing pressure is moderately high. As of end-June 2026, the company held RMB4.3 billion in cash, compared with RMB16.4 billion of debt to be due within one year. CESI has access to various financing channels, including bank borrowings and bond issuance, with unused credit lines.

Rating Sensitivities

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

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

Any rating action on CESI's rating would result in a similar rating action on its USD bonds.

Full List of Issuance Ratings

- USD348.3 million 6.5% senior unsecured bonds due 2027 upgraded to 'A-' from 'BBB+'
- USD151.7 million 6.5% senior unsecured bonds due 2027 upgraded to 'A-' from 'BBB+'

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 in the eastern part of the city, with a total land area of 556 square kilometers. Longquanyi serves as Chengdu's eastern sub-center where Chengdu ETDZ, a national economic development zone, is located. Positioned as Chengdu's international auto city, Longquanyi ranks among Sichuan's top ten districts in overall economic strength, promoting the industrialization and economic development of the region.

Longquanyi's GDP increased to RMB167.1 billion in 2025, from RMB158.6 billion in 2024. The GDP growth rate was 6.8% in 2025, higher than 4.1% recorded in 2024. The tertiary sector accounted for 54.4% of the GDP in 2025, while the GDP per capita steadily increased to around RMB120,000. Meanwhile, fixed asset investment reported a growth rate of 4.8% in 2025.

Longquanyi's Economic Condition

(RMB billion)	2023	2024	2025
GDP	150.3	158.6	167.1
-Primary industry (%)	1.4	1.3	1.3
-Secondary industry (%)	58.6	45.7	44.3
-Tertiary industry (%)	40.0	53.0	54.4
GDP growth rate (%)	6.1	4.1	6.8
Fixed asset investment growth rate (%)	-8.9	13.1	4.8
Population (million)	1.4	1.4	1.4

Source: Statistical Bureau of Longquanyi and Lianhe Global's calculations

Fiscal Condition of Longquanyi

The Longquanyi government's budgetary revenue decreased by 4% to RMB10.4 billion in 2025, compared with a strong growth of 27.1% in 2024, with a moderate contribution of tax revenue of 65.4% in 2025. The fiscal self-sufficiency of the Longquanyi government remained weak. Its budget deficit widened to 40.8% in 2025 from 33.2% in 2024. The government fund income increased notably to RMB5.8 billion in 2025, while transfer payments from higher government reached RMB6 billion.

The outstanding debt of the Longquanyi government continued to grow in the past few years. At end-2025, the Longquanyi government's outstanding debt increased to RMB54.4 billion from RMB43.5 billion at end-2024, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue, was further elevated to 242.2% at end-2025 from 231% at end-2024.

Longquanyi's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	8.5	10.9	10.4
Budgetary revenue growth rate (%)	5.6	27.1	-4.0
Tax revenue	6.9	5.9	6.8
Tax revenue (% of budgetary revenue)	81.1	54.5	65.4
Government fund income	5.5	3.0	5.8
Transfer payment	6.9	4.8	6.0
Aggregate revenue	21.1	18.8	22.4
Budgetary expenditure	12.6	14.5	14.7
Budget balance ¹ (%)	-47.0	-33.2	-40.8
Government debt ratio (%)	141.9	231.0	242.2

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

Source: Financial Bureau of Longquanyi and Lianhe Global's calculations

Company Profile

CESI was established in 2005 with an initial registered capital of RMB200 million, funded by the Longquanyi government. In June 2025, CEDH reduced its ownership in CESI from 100% to 90%, with the Sichuan Provincial Department of Finance acquiring the remaining 10%. CEDH remains the controlling shareholder, and the company's actual controller continues to be the Management Committee. As at end-2025, CESI's registered and paid-in capital stayed at RMB10 billion and RMB9,397 million, respectively.

CESI is the major entity responsible for urban development and operations in Longquanyi. The company undertakes major projects in areas such as infrastructure construction and social housing. It also manages the district's public transportation system and essential utilities, including water supply and sewage treatment. In addition, CESI has diversified its business to leasing, property sales, etc. The company's revenue fluctuated between 2023 and 2025, largely reflecting the cyclical nature of construction and delivery schedules for



development projects. During the same period, its gross margin remained relatively stable, ranging from 19% to 23%.

Key Financial Data				
(RMB million)	2023	2024	2025	2026.6
Total Assets	111,635	116,434	127,325	130,268
Equity	37,965	36,873	36,302	36,645
Debt	63,582	69,310	74,464	74,095
Debt / (Debt + Equity) (%)	62.6	65.3	67.2	66.9
Unrestricted cash/ST Debts (x)	0.0	0.1	0.1	0.2
Debt/EBITDA (x)	98.3	127.6	145.7	-
Revenue	3,314	2,653	2,747	906
Gross Margin (%)	19.3	21.8	22.4	22.5
Cash from sales or services/ Revenue (%)	78.3	160.7	105.6	117.3
Source: CESI and Lianhe Global's calculations				

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