

CCXAP assigns BBB_g to Chengdu Aerotropolis City Development Group Co., Ltd.'s proposed Free Trade Zone CNY bonds

Hong Kong, 28 March 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g to the proposed Free Trade Zone CNY bonds issued by Chengdu Aerotropolis City Development Group Co., Ltd. (“CACD” or the “Company”) (BBB_g/positive).

The bonds will constitute direct, general, unsubordinated, unconditional and unsecured obligations of CACD, which shall at all times rank pari passu with all the Company’s other present and future unsecured obligations. The Company intends to use the gross proceeds for project development and supplement of working capital. The bonds are issued within the China (Shanghai) Pilot Free Trade Zone.

Corporate Profile

Founded in 2008, CACD was formerly known as Shuangliu Transportation Construction Investment Co., Ltd., then Chengdu Shuangliu District Transportation Construction Investment Co., Ltd. The Company is the only transportation infrastructure construction entity and only public transportation operator in Shuangliu District. CACD is primarily engaged in the development and services of city infrastructure projects in Shuangliu District. It also undertakes commercial activities such as talent services, asset leasing, and hotel services.

As of 31 March 2022, the Chengdu Shuangliu District State-owned Assets Supervision, Administration and Financial Bureau (“Shuangliu SASAFB”) and the Department of Finance of Sichuan Province held 90% and 10% of the Company’s shares, respectively. The Company is directly controlled by Shuangliu SASAFB.

Rating Rationale

The senior unsecured debt rating of the bonds is equal to CACD’s long-term credit rating. We believe that the government support will flow through CACD given its strategic role, being the provider of public services in Shuangliu District, thereby mitigating any differences in expected loss that could result from structural subordination.

The BBB_g long-term credit rating of CACD reflects Chengdu Shuangliu District (“Shuangliu District”) Government’s strong capacity and very high willingness to provide support to the Company, based on our assessment of the Company’s characteristics. Our assessment of Shuangliu District Government’s capacity to support reflects its status as the 32nd Top 100 Economic District in China in 2021, with good economic fundamentals and fiscal strength.

The willingness of support is underpinned by the Company’s (1) monopolistic position in the transportation infrastructure construction in Shuangliu District, as well as the only construction, development, and industrial investment entity in the Chengdu International Airport Business District; (2) solid track record of receiving ongoing government payments; and (3) good access



to funding. However, the rating is constrained by the Company's (1) high debt growth driven by a large number of construction projects; and (2) medium exposure to commercial activities.

Rating Outlook

The positive outlook on CACD's rating reflects our expectation that the local government's capacity to support the Company will continue to strengthen. As the regional economic strength of Shuangliu District and Chengdu City grows, the Company will maintain its strategic role, being the provider of infrastructure construction in Shuangliu District.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to support strengthens; or (2) changes in company's characteristics enhance local government's willingness to support, such as increased government payments or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to support weakens; or (2) changes in company characteristics decreases the local government's willingness to support, such as reduced strategic significance or increased exposure to commercial activities.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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