

## **CCXAP assigns BBB<sub>g</sub> to Chengdu Aerotropolis City Development Group Co., Ltd.'s proposed USD bonds**

Hong Kong, 29 March 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB<sub>g</sub> to the proposed USD bonds issued by Chengdu Aerotropolis City Development Group Co., Ltd. (“CACD” or the “Company”) (BBB<sub>g</sub>/positive).

The bonds will constitute direct, 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 replenishment of working capital.

### **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<sub>g</sub> 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 32<sup>nd</sup> 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

CCXAP's Rating Symbols and Definitions are available on its website at:

[http://www.ccxap.com/en/rating\\_services/category/6/](http://www.ccxap.com/en/rating_services/category/6/)

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

[http://www.ccxap.com/en/rating\\_services/category/9/](http://www.ccxap.com/en/rating_services/category/9/)

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results) and may be distributed through media and other means.



The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Olivia Feng

*Credit Analyst*

+852-2860 7133

[olivia\\_feng@ccxap.com](mailto:olivia_feng@ccxap.com)

Elle Hu

*Executive Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



Copyright © 2023 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 1904-1909, 19/F, Jardine House,  
1 Connaught Place, Central, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656