

CCXAP assigns first-time long-term credit rating of A_g- to Chengdu Airport Xingcheng Investment Group Co., Ltd., with positive outlook.

Hong Kong, 6 February 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A_g- to Chengdu Airport Xingcheng Investment Group Co., Ltd. (“CAXI” or the “Company”), with positive outlook.

The A_g- long-term credit rating reflected Shuangliu District Government’s very strong capacity to provide support, and the local government’s extremely high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Shuangliu District Government’s capacity to support reflects its vital position in Chengdu City, given its good economic fundamentals and fiscal strength.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) largest entity responsible for infrastructure construction in Shuangliu District; (2) solid track record of receiving ongoing government payments; and (3) stable funding from banks and capital market. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities, with investment risk in equity investment; (2) increasing debt leverage with certain short-term repayment pressure; and (3) moderate asset liquidity.

Corporate Profile

Founded in 2005, CAXI is the largest local infrastructure investment and financing company (“LIIFC”) in Shuangliu District. The Company is primarily responsible for infrastructure construction in Shuangliu District. In addition to public business, the Company also undertakes commercial activities such as building materials sales business, engineering construction, equity investment, and the construction of self-operating projects.

As of 30 September 2024, Chengdu Shuangliu District State-owned Assets Supervision, Administration and Financial Bureau (“Shuangliu SASAFB”), and Sichuan Provincial Finance Department held 90% and 10% of CACD’s shares, respectively. The Company is ultimately controlled by Shuangliu SASAFB.

Rating Rationale

Credit Strengths

The largest infrastructure construction entity in Shuangliu District. There are two major Infrastructure Investment and Financing Companies (“LIIFC”) in Shuangliu District, namely Chengdu Aerotropolis City Development Group Co., Ltd. (“CACD”) and CAXI, both with clear positioning and strong regional franchise. As the largest LIIFC in Shuangliu District, CAXI is mainly engaged in infrastructure and affordable housing construction, industrial investment, rural revitalization, as well as education and healthcare within Shuangliu District. Given its key role, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.



Solid track record of receiving ongoing government payments. CAXI has received ongoing support from the Shuangliu District Government including asset injections, capital injections, financial subsidies, and project repayments. Given the strategic role of CAXI in Shuangliu District, we expect the Company will continue to receive support from the Shuangliu District Government in the future.

Stable funding from banks and capital market. The Company maintains a good relationship with large domestic banks. Around 64.6% of the Company's debt was provided by bank loans. As 30 September 2024, the Company had a total bank facility of RMB89.0 billion while available facility was RMB32.7 billion. The Company is an active issuer on both onshore and offshore market, bond financing accounted for 26.9% of the Company's debt and carries low funding cost at around 3.8%.

Credit Challenges

Medium exposure to commercial activities. In addition to public activities, CAXI is also involved in other commercial activities such as self-operating projects, equity investment, building material sales, and engineering construction. We estimate that the Company has medium commercial exposure as the proportion of commercial business assets accounts for around 25% of its total assets.

Increasing debt leverage with certain short-term repayment pressure. Due to the continuous investment on construction projects, CAXI's total debt had increased from RMB42.3 billion at end-2021 to RMB77.3 billion as of 30 September 2024. Its capitalization ratio increased from 43.5% to 54.0% over the same period. The Company faces certain short-term debt repayment pressure as short-term debt accounted for 29.2% of total debt and cash to short debt was 0.3x as of 30 September 2024. Given the Company's relatively large capital expenditure on self-operating projects, we expect the Company will have fast debt growth and relatively high debt leverage for the next 12-18 months.

Moderate asset liquidity. CAXI's asset quality is moderate, with may undermine its financing flexibility. The Company's total assets mainly consist of less liquid assets such as inventories (mainly development cost and land use rights) and other non-current asset, totally accounting for 73.0% of the Company's total assets as of 30 September 2024. As of the end of 2023, the Company's restricted asset balance was RMB7.1 billion, which was mainly pledged for financing. The proportion of restricted assets to total assets was relatively low, at 5.1%.

Rating Outlook

The positive outlook on CAXI's rating reflects our expectation that the local government's capacity to provide support will continue to strengthen, along with Shuangliu District's growing regional economic strength and participated in major municipal projects in Chengdu City, and the Company will maintain its status as the largest infrastructure construction entity in Shuangliu District.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to support strengthens; and (2) changes in the Company's characteristics enhance local government's willingness to support, such as reduced exposure to commercial activities.

What could downgrade the rating?

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

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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