

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Chengdu Xinjin City Industry Development Group Company Ltd.’s proposed offshore bonds

HONG KONG, 13 December 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured offshore bonds (“the Bonds”) to be issued by Chengdu Xinjin City Industry Development Group Company Ltd. (“CXCID”; ‘BBB-’/Stable).

CXCID intends to use the net proceeds from this offering for project development and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as CXCID’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of CXCID. The payment obligations of CXCID under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xinjin District (“Xinjin government”) would provide strong support to CXCID if needed, in light of its full ownership of CXCID, CXCID’s strategic position as the major LGFV participating in infrastructure construction and state-owned asset operation in Xinjin District (“Xinjin”) of Chengdu City, as well as the strong linkage between the Xinjin government and CXCID, including control of the board of directors, management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Xinjin government may face significant negative impact on its reputation, business and financing activities should CXCID encounter any operational or financial difficulties.

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

Rating Sensitivities

Any rating action on CXCID’s rating would result in a similar rating action on the Bonds.

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

We would consider upgrading CXCID's rating if (1) there is strengthened support from the Xinjin government, or (2) there is an upgrade in our internal credit assessment on the Xinjin government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this CXCID's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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