

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Chengdu Airport Industry Xingcheng Investment Development Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 7 February 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Chengdu Airport Industry Xingcheng Investment Development Co., Ltd. (“CAIXID”; ‘A-/Stable’).

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

Key Rating Rationales

The Bonds are rated at the same level as CAIXID’s global scale Long-term Issuer Credit Rating of ‘A-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of CAIXID. The payment obligations of CAIXID 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 Shuangliu District, Chengdu City (“Shuangliu government”) would provide very strong support to CAIXID if needed, in light of its indirect majority ownership of CAIXID, CAIXID’s strategic importance as the major local investment and development company (“LIDC”) that is responsible for infrastructure construction in Shuangliu District (“Shuangliu”), Chengdu City (“Chengdu”), and the linkage between the Shuangliu government and CAIXID, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Shuangliu government may face significant negative impact on its reputation and financing activities if CAIXID encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, 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 CAIXID'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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