

## **Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Huai’an Traffic Holding Group Co., Ltd.’s proposed USD Bonds**

HONG KONG, 8 July 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the proposed USD bonds (“the USD Bonds”) to be issued by Huai’an Traffic Holding Group Co., Ltd. (“Huai’an Traffic”; ‘BBB/Stable’).

Huai’an Traffic intends to use the net proceeds from this offering for refinancing its existing indebtedness.

### **Key Rating Rationales**

The proposed USD Bonds are rated at the same level as Huai’an Traffic’s global scale Long-term Issuer Credit Rating of ‘BBB’ as they constitute Huai’an Traffic’s senior unsecured obligations. Huai’an Traffic’s obligations for the USD 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 Huai’an municipal government would provide strong support to Huai’an Traffic if needed, in light of its full ownership of Huai’an Traffic, Huai’an Traffic’s strategic position as the sole LGFV that is responsible for transportation development. There is a strong linkage between the Huai’an municipal government and Huai’an Traffic, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Huai’an municipal government may face significant negative impact on its reputation, business, and financing activities should Huai’an Traffic encounter any operational or financial difficulties.

### **Rating Sensitivities**

Any rating action on Huai’an Traffic’s rating would result in a similar rating action on the USD Bonds.

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

We would consider upgrading Huai’an Traffic’s rating if (1) there is strengthened support from the Huai’an municipal government, or (2) there is an upgrade in our internal credit assessment on the Huai’an municipal 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 Huai'an Traffic's rating is Lianhe Global's China Local Government Financing Vehicle Criteria published on 31 December 2021, which can be found at the website [www.lhratingsglobal.com](http://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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