

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Taixing City Investment Development Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 21 February 2023 – 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 bonds (“the Bonds”) to be issued by Taixing City Investment Development Group Co., Ltd. (“TCID”; ‘BBB’/Stable).

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

Key Rating Rationales

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

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

Rating Sensitivities

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

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

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