

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Taixing Zhiguang Environmental Protection Technology Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 10 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 Zhiguang Environmental Protection Technology Co., Ltd. (“TZEPT”; ‘BBB-/Stable’). The Bonds are unconditionally and irrevocably guaranteed by TZEPT’s direct controlling shareholder, Taixing Zhongxin Investment Group Co., Ltd.’s (“TZIG”; ‘BBB/Stable’).

TZEPT 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 TZIG’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds are unconditionally and irrevocably guaranteed by TZIG, and TZIG’s obligations for the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

TZIG’s Issuer Credit Rating reflects a high possibility that the People’s Government of Taixing City (“the Taixing government”) would provide strong support to TZIG if needed, in light of its indirectly full ownership of TZIG, TZIG’s strategic importance as the important investment and development company responsible for infrastructure construction and land consolidation in Taixing City, and the linkage between the Taixing government and TZIG, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and other government support. In addition, the Taixing government may face significant negative impact on its reputation and financing activities if TZIG encounters any operational and financial difficulties.

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

Rating Sensitivities

Any rating action on TZIG’s rating would result in a similar rating action on the Bonds. For TZIG’s Issuer Credit Rating, Lianhe Global outlined the following sensitivities in the press release published on 10 February 2023 in relation to TZIG’s rating.

We would consider downgrading TZIG’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 TZIG, or (3) there is a downgrade in our internal credit assessment on the Taixing government.

We would consider upgrading TZIG'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 TZEPT'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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