

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Changsha Tianxin State Property Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 25 May 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 Changsha Tianxin State Property Group Co., Ltd (“CTSPG”; ‘BBB’/Stable).

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

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

Rating Sensitivities

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

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

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