

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Taizhou Huaxin Pharmaceutical Investment Co., Ltd. to 'BBB' from 'BBB-'; Issuer Rating Outlook Stable

HONG KONG, 21 September 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Taizhou Huaxin Pharmaceutical Investment Co., Ltd. (“THPI”) to ‘BBB’ from ‘BBB-’. The Outlook is Stable.

Key Rating Rationales

The Issuer Rating upgrade reflects the increased strategic importance of THPI in the development of Taizhou City (“Taizhou”), as demonstrated in its strengthened role in further promoting the comprehensive development of health industry in Taizhou, one of pillar industries of the city.

We believe there is a high possibility that the Taizhou Municipal People’s Government (“Taizhou Government”) would provide moderate support to THPI if needed, in light of its indirect ownership of THPI through Taizhou State-owned Investment Group Co., Ltd., THPI’s strategic position as the major pharmaceutical investment and operating entity in Taizhou and the strong linkage between Taizhou Government and THPI including management supervision, strategic alignment, and ongoing operational and financial support. In addition, Taizhou Government may face negative impact on its reputation and financing activities should THPI encounter any operational or financial difficulties.

The Stable Outlook reflects our expectation that THPI’s strategic importance would remain intact while Taizhou Government will continue to ensure THPI’s stable operation.

Rating Sensitivities

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

We would consider upgrading THPI’s rating if (1) there is strengthened support from Taizhou Government, or (2) there is an upgrade in our internal credit assessment on Taizhou 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 THPI'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.

Contact Information

Primary Analyst
Sigmund Jiang, CFA, CESGA
Analyst
(852) 3462 9587
sigmund.jiang@lhratingsglobal.com

Secondary Analyst
Roy Luo, FRM, CESGA
Associate Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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