

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Chongqing Tongda Investment Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 30 November 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 Chongqing Tongda Investment Co., Ltd. (“CTI”; ‘BBB-/Stable’).

CTI 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 CTI’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of CTI. The payment obligations of CTI 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 Zhong County, Chongqing Municipality (“Zhongxian government”) would provide strong support to CTI if needed, in light of its indirect full ownership of CTI, CTI’s strategic importance as the most important local investment and development company (“LIDC”) responsible for infrastructure construction in Zhong County (“Zhongxian”), Chongqing Municipality (“Chongqing”), and the linkage between the Zhongxian government and CTI, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Zhongxian government may face significant negative impact on its reputation and financing activities if CTI encounters any operational and financial difficulties.

The Stable Outlook on CTI’s Issuer Credit Rating reflects our expectation that CTI’s strategic importance would remain intact while the Zhongxian government will continue to ensure CTI’s stable operation.

Rating Sensitivities

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

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

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