

Lianhe Global has assigned ‘AA-’ global scale Long-term Issuance Credit Rating to Xi’an Kingfar Holding (Group) Co., Ltd.’s Proposed Credit Enhanced Guaranteed CNY Bonds

HONG KONG, 27 November 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘AA-’ global scale Long-term Issuance Credit Rating to the Proposed Credit Enhanced Guaranteed CNY Bonds (“the Bonds”) to be issued by Xi’an Kingfar Holding (Group) Co., Ltd.’s (“Xi’an Kingfar”; ‘BBB+’/Stable) wholly-owned subsidiary Xi’an Kingfar International (Singapore) Pte. Ltd. (“Kingfar International” or “the issuer”). The bonds will have the benefit of RMB-denominated irrevocable standby letter of credit (“the SBLC”) issued by Postal Savings Bank of China Co., Ltd. (“PSBC”)’s Shanxi branch.

Xi’an Kingfar intends to use the net proceeds from this offering for supplement of working capital and project construction under the Green finance Framework.

Key Rating Rationales

The Issuance Credit Rating primarily reflects the credit enhancement provided by the irrevocable SBLC issued by PSBC’s Shanxi branch and underpinned by the credit strength of PSBC. Under the SBLC, PSBC will be obligated for any amount that the issuer has failed to pay according to the pre-funding requirements and the full amount of the outstanding principal due and interest accrued on the Bonds in the events of default. PSBC is the fifth-largest commercial bank in terms of asset size and a domestic systemically important bank (D-SIB) in China. We believe PSBC is likely to receive very strong support from the central government if needed considering its majority state ownership (62.78% through China Post Group) and systemic importance.

The bonds are also unconditionally and irrevocably guaranteed by Xi’an Kingfar. Xi’an Kingfar is the most important local investment and development company responsible for city development and operation in Xi’an Economic and Technology Development Zone.

Rating Sensitivities

Any downgrade or upgrade in our internal credit assessment on PSBC would result in a similar rating action on the Bonds.

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

Methodologies used in this Xi'an Kingfar's rating include Lianhe Global's Banking Rating Criteria published on 20 March 2023 and 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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