

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Zhangzhou Transportation Development Group Co., Ltd.’s USD Bonds

HONG KONG, 11 December 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the USD125 million, 6.28% senior unsecured Bonds due 2024 (“the Bonds”) issued by Zhangzhou Transportation Development Group Co., Ltd. (“ZZT”; ‘BBB+’/Stable).

ZZT intends to use the net proceeds from this offering for refinancing offshore indebtedness.

Key Rating Rationales

The Bonds are rated at the same level as ZZT’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as they constitute direct, unconditional, unsubordinated and unsecured obligations of ZZT, and ZZT’s obligations for the Bonds shall at all times at least rank least equally with all its other present and future unsubordinated and unsecured obligations.

The Issuer Credit Rating reflects a high possibility that the Zhangzhou Municipal People’s Government (“Zhangzhou government”) would provide strong support to ZZT if needed, in light of its 90% ownership of ZZT, ZZT’s strategic position as an important transportation infrastructure and asset operation entity in Zhangzhou City and the strong linkage between the Zhangzhou government and ZZT including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Zhangzhou government may face significant negative impact on its reputation, business and financing activities should ZZT encounter any operational or financial difficulties.

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

Rating Sensitivities

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

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

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