

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Taizhou Chemical New Materials Industry Development Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 20 November 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Taizhou Chemical New Materials Industry Development Group Co., Ltd. (“TCNMI”; ‘A-/Stable’).

TCNMI intends to use the net proceeds from this offering for project construction, trading business and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as TCNMI’s global scale Long-term Issuer Credit Rating of ‘A-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of TCNMI. The payment obligations of TCNMI 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 Taizhou Municipal People’s Government (“the Taizhou government”) would provide strong support to TCNMI if needed, in light of its full ownership of TCNMI, TCNMI’s strategic importance as an important local investment and development company responsible for developing and operating industrial parks in Jiangsu’s Taizhou City and the linkage between the Taizhou government and TCNMI, including appointment of the senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Taizhou government may face significant negative impact on its reputation and financing activities if TCNMI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

We would consider upgrading TCNMI's rating if (1) there is strengthened support from the Taizhou government, or (2) there is an upgrade in our internal credit assessment on the 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 TCNMI's rating is Lianhe Global's *China Local Investment and Development Companies Criteria* published on 31 July 2024, 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. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

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