

CCXAP assigns A₉ to Suzhou SND Group Company Limited's proposed offshore bonds

Hong Kong, 27 September 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned an expected senior unsecured debt rating of A₉ to the proposed offshore bonds to be issued by SND International (BVI) Co., Ltd. (“SNDI”), a subsidiary wholly and indirectly owned by Suzhou SND Group Company Limited (“SNDG” or the “Company”) (A₉/stable).

The proposed bond will constitute SNDI's direct, unconditional, unsubordinated and unsecured obligations, and shall at all times at least rank pari passu with all its other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for refinancing of offshore bonds and replenishment of working capital.

Rating Rationale

The senior unsecured debt rating of the bonds is equal to SNDG's long-term credit rating, as SNDG will either provide unconditionally and irrevocably guarantee or keepwell deed to the bonds. Under the unconditional and irrevocable guarantee, the bonds will constitute direct, unconditional, unsubordinated, and unsecured obligations of SNDG, which shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations. Alternatively, SNDG will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking, which shows SNDG's strong willingness to support SNDI in meeting its debt obligations. Furthermore, a default by SNDI would have significant negative impact on SNDG's reputation and future offshore funding activities, which underpins SNDG's intention to support the bonds. However, there could be some difficulties in enforcing the keepwell deed, which is not as strong as the guarantee.

We believe that the government support will flow through SNDG given its strategic position in the development of SND, thereby mitigating any differences in expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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