

## CCXAP assigns BBB<sub>g</sub> to Taizhou Xinghua State-owned Assets Investment Holding Co., Ltd.'s proposed offshore bonds

Hong Kong, 24 November 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned an expected senior unsecured debt rating of BBB<sub>g</sub> to the proposed offshore bonds to be issued by an offshore wholly-owned subsidiary (the “Subsidiary”) of Taizhou Xinghua State-owned Assets Investment Holding Co., Ltd. (“TXSI” or the “Company”) (BBB<sub>g</sub>/stable).

The bonds are expected to be carried keepwell deeds and equity interest purchase undertakings from TXSI. The Company intends to use the proceeds for project construction and replenishment of working capital.

### Rating Rationale

The senior unsecured debt rating of the proposed bonds is equivalent to TXSI's long-term credit rating. TXSI will provide a keepwell deed and deed of equity interest purchase undertaking to the Subsidiary, which shows TXSI's strong willingness to support the Subsidiary in meeting its debt obligations. A default by the Subsidiary would have a significant negative impact on TXSI's reputation and future offshore funding activities, which underpins TXSI's intention to support the repayment of the bonds. However, there could be some difficulties in enforcing the keepwell deed, which is not as strong as the guarantee.

We believe that government support will flow through the Company given its most important role in public-related activities in Xinghua City, thereby mitigating any differences in an 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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