

CCXAP assigns BBB_g+ to Pingdu City Development Group Co Ltd's proposed offshore bonds

Hong Kong, 18 January 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned an expected senior unsecured debt rating of BBB_g+ to the proposed offshore bonds to be issued by Wansheng International (BVI) Co. Ltd (“Wansheng International”), an indirect wholly-owned subsidiary of Pingdu City Development Group Co Ltd (“PDCD” or the “Company”) (BBB_g+ /Stable).

The bonds are expected to be unconditionally and irrecoverably guaranteed by PDCD, or carry keepwell deeds and equity interest purchase undertakings from PDCD. The Company intends to use the proceeds for project construction, trading business and replenishment of working capital.

Rating Rationale

The senior unsecured debt rating of the proposed bonds is equal to PDCD's long-term credit rating. PDCD is expected to 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 PDCD, which shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations. Alternatively, PDCD will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking to Wansheng International, which shows PDCD's strong willingness to support Wansheng International in meeting its debt obligations. A default by Wansheng International would have significant negative impact on PDCD's reputation and future offshore funding activities, which underpins PDCD'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 important role in infrastructure construction and state-owned asset operation of Pingdu 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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