

CCXAP assigns A_g- to Taicang State-owned Capital Investment Holding Co., Ltd.'s proposed offshore bonds

Hong Kong, 5 February 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned an expected senior unsecured debt rating of A_g- to the proposed offshore bonds of Taicang State-owned Capital Investment Holding Co., Ltd. (“TCSI” or the “Company”) (A_g-/stable).

The proposed bond will constitute TCSI's direct, unconditional, unsubordinated and unsecured obligations. Alternatively, the bonds are expected to be unconditionally and irrecoverably guaranteed by TCSI, or carry keepwell deeds, liquidity support and equity interest purchase undertakings from TCSI. The Company intends to use the proceeds for project construction and replenishment of working capital.

Rating Rationale

TCSI's senior unsecured debt rating is equal to its long-term credit rating, as the Company will either issue directly or provide unconditionally and irrevocably guarantee or keepwell deed to the bonds. Under the case of direct issuance by TCSI or the case of unconditional and irrevocable guarantee, the bonds will constitute direct, unconditional, unsubordinated, and unsecured obligations of TCSI, which shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations. Alternatively, TCSI will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking, which shows TCSI's strong willingness to support the issuer in meeting its debt obligations. Furthermore, a default by the issuer would have significant negative impact on TCSI's reputation and future offshore funding activities, which underpins TCSI'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 government support will flow through TCSI given its strategic position in the development of Taicang City, 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

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/



The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Kelly Liang

Credit Analyst

+852-2860 7127

kelly_liang@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2024 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656