

## CCXAP assigns BBB<sub>g</sub> to Tai'an Tianze Investment Operation Group Co., Ltd.'s proposed offshore bonds

Hong Kong, 20 February 2024 – 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 indirect and wholly-owned subsidiary of Tai'an Tianze Investment Operation Group Co., Ltd. (“TATZ” or the “Company”) (BBB<sub>g</sub>/stable).

The bonds are expected to be unconditionally and irrecoverably guaranteed by TATZ, or carry keepwell deeds and equity interest purchase undertakings from TATZ. 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 equal to TATZ's long-term credit rating. TATZ 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 TATZ, which shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations. Alternatively, TATZ will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking to the issuer, which shows TATZ's strong willingness to support the issuer in meeting its debt obligations. A default by the issuer would have significant negative impact on TATZ's reputation and future offshore funding activities, which underpins TATZ'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 the development of Wenhe Scenic Spot, 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

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