

CCXAP assigns BBB_g+ to Qingdao Bullet Train Town Investment Group Co., Ltd.'s proposed offshore bonds

Hong Kong, 30 April 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 Qingdao High-speed train Industry Development Group (BVI) Co., Ltd. (the “Issuer”), an indirect and wholly-owned subsidiary of Qingdao Bullet Train Town Investment Group Co., Ltd. (“QBTI” or the “Company”) (BBB_g+ /Stable).

The bonds are expected to carry keepwell deeds and equity interest purchase undertakings from QBTI. The Company intends to use the proceeds for repayment of medium and long-term debts maturing within one year, project construction and replenishment of working capital.

Rating Rationale

The senior unsecured debt rating of the proposed bonds is equal to QBTI’s long-term credit rating. QBTI will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking to the issuer, which shows QBTI’s strong willingness to support the issuer in meeting its debt obligations. A default by the issuer would have significant negative impact on QBTI’s reputation and future offshore funding activities, which underpins QBTI’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 local infrastructure construction in Chengyang District, 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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