

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Shouguang Jinxin Investment Development Holding Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 18 January 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Shouguang Jinxin Investment Development Holding Group Co., Ltd. (“SSJID”; ‘BBB-/Stable).

SSJID intends to use the net proceeds from this offering for supplement of working capital, project construction and general corporate purposes.

Key Rating Rationales

The Bonds are rated at the same level as SSJID’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of SSJID. The payment obligations of SSJID under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the people’s government of Shouguang (“the Shouguang government”) would provide strong support to SSJID if needed, in light of its full ownership of SSJID, SSJID’s strategic importance as an important local investment and development company that is responsible for state-owned capital investment, project construction, and state-owned assets operation in Shouguang, and the strong linkage between the Shouguang government and SSJID, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Shouguang government may face significant negative impact on its reputation and financing activities should SSJID encounters any operational and financial difficulties.

The Stable Outlook on SSJID’s rating reflects our expectation that SSJID’s strategic importance would remain intact while the Shouguang government will continue to ensure SSJID’s stable operation.

Rating Sensitivities

Any rating action on SSJID’s rating would result in a similar rating action on the Bonds.

We would consider downgrading SSJID’s rating if (1) there is perceived weakening in support from the Shouguang government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Shouguang government’s ownership of SSJID, or (3) there is a downgrade in our internal credit assessment on the Shouguang government.

We would consider upgrading SSJID's rating if (1) there is strengthened support from the Shouguang government, or (2) there is an upgrade in our internal credit assessment on the Shouguang government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this SSJID's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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