

## **Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Suqian Yufeng Industrial Investment Development Management Group Co., Ltd.’s proposed senior unsecured bonds**

HONG KONG, 16 March 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 Suqian Yufeng Industrial Investment Development Management Group Co., Ltd. (“SYII”; ‘BBB-/Stable’).

SYII intends to use the net proceeds from this offering for project construction and supplement of working capital.

### **Key Rating Rationales**

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

SYII’s Issuer Credit Rating reflects a high possibility that the People’s Government of Suyu District of Suqian City (“Suyu government”) would provide strong support to SYII if needed, in light of its indirectly full ownership of SYII, SYII’s strategic importance as an important local investment and development company (“LIDC”) for infrastructure construction and resettlement housing construction in Suyu District (“Suyu”), and the linkage between the Suyu government and SYII, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing government support, etc. In addition, the Suyu government may face significant negative impact on its reputation and financing activities if SYII encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

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

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

We would consider upgrading SYII's rating if (1) there is strengthened support from the Suyu government, or (2) there is an upgrade in our internal credit assessment on the Suyu 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 SYII'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](http://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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