

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Zhangzhou Jiulongjiang Group Co., Ltd.’s proposed Free Trade Zone CNY bonds

HONG KONG, 24 April 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured CNY bonds (“the Bonds”) to be issued by Zhangzhou Jiulongjiang Group Co., Ltd. (“Jiulongjiang Group”; ‘BBB+’/Stable).

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

Key Rating Rationales

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

The Issuer Credit Rating reflects a high possibility that the People’s Government of Zhangzhou City (“Zhangzhou government”) would provide strong support to Jiulongjiang Group if needed, in light of its 90% ownership of Jiulongjiang Group, Jiulongjiang Group’s strategic position as the major state-owned capital investment and urban development entity of Zhangzhou and the strong linkage between the Zhangzhou government and Jiulongjiang Group including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Zhangzhou government may face significant negative impact on its reputation, business and financing activities should Jiulongjiang Group encounter any operational or financial difficulties.

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

Rating Sensitivities

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

We would consider downgrading Jiulongjiang Group’s rating if (1) there is perceived weakening in support from the Zhangzhou government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant

reduction of the Zhangzhou government's ownership of Jiulongjiang Group, or (3) there is a downgrade in our internal credit assessment on the Zhangzhou government.

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