

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Jiangyou Hongfei Investment (Group) Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 5 May 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 Jiangyou Hongfei Investment (Group) Co., Ltd. (“JHIG”; ‘BBB-’/Stable).

JHIG 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 JHIG’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of JHIG. The payment obligations of the Issuer 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 Jiangyou Municipal People’s Government (“the Jiangyou government”) would provide very strong support to JHIG if needed, in light of its majority ownership of JHIG, JHIG’s strategic importance as the most important local investment and development company responsible for infrastructure construction, industrial development and public utility operation in Jiangyou and the linkage between the Jiangyou government and JHIG, including the appointment of the senior management, strategic alignment, supervision of major financing plan and investment decisions and ongoing operational and financial support. In addition, the Jiangyou government may face significant negative impact on its reputation and financing activities if JHIG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

government's ownership of JHIG, or (3) there is a downgrade in our internal credit assessment on the Jiangyou government.

We would consider upgrading JHIG's rating if there is an upgrade in our internal credit assessment on the Jiangyou 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 JHIG'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.

Contact Information

Primary Analyst
Roy Luo
Senior Associate
(852) 3462 9582
roy.luo@lhratingsglobal.com

Committee Chairperson
Toni Ho
Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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