

## **Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Feicheng City Assets Management Group Co., Ltd.'s proposed senior unsecured bonds**

HONG KONG, 19 June 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 Feicheng City Assets Management Group Co., Ltd. (“FCAMG”; ‘BBB/Stable’).

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

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

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

### **Rating Sensitivities**

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

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

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

We would consider upgrading FCAMG's rating if there is an upgrade in our internal credit assessment on the Feicheng 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 FCAMG'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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